

# BUSINESS WEEK

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The lease-lend assembly line.

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# Why Lose Millions of Hours waiting for things to dry! ★ ★

*Facts about another of the ways in which Hercules chemical materials help industry to speed production, and improve products.*

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**WE HELP MANY MORE INDUSTRIES** Chemical materials produced by Hercules research are used not only in the protective-coating industry, but almost every-

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**WHAT ARE SOME OF THESE MATERIALS?** Important among Hercules chemical materials are chemical cotton, and the cellulose derivatives—nitrocellulose, cellulose acetate, and ethyl cellulose—each in a range of diversified properties, to solve many problems in plastics, finishes, and film. Also important among Hercules materials are turpentine, pine oil, terpene derivatives, rosin, rosin-derivatives, resins, and rosin esters—and a wide array of paper-makers chemicals.

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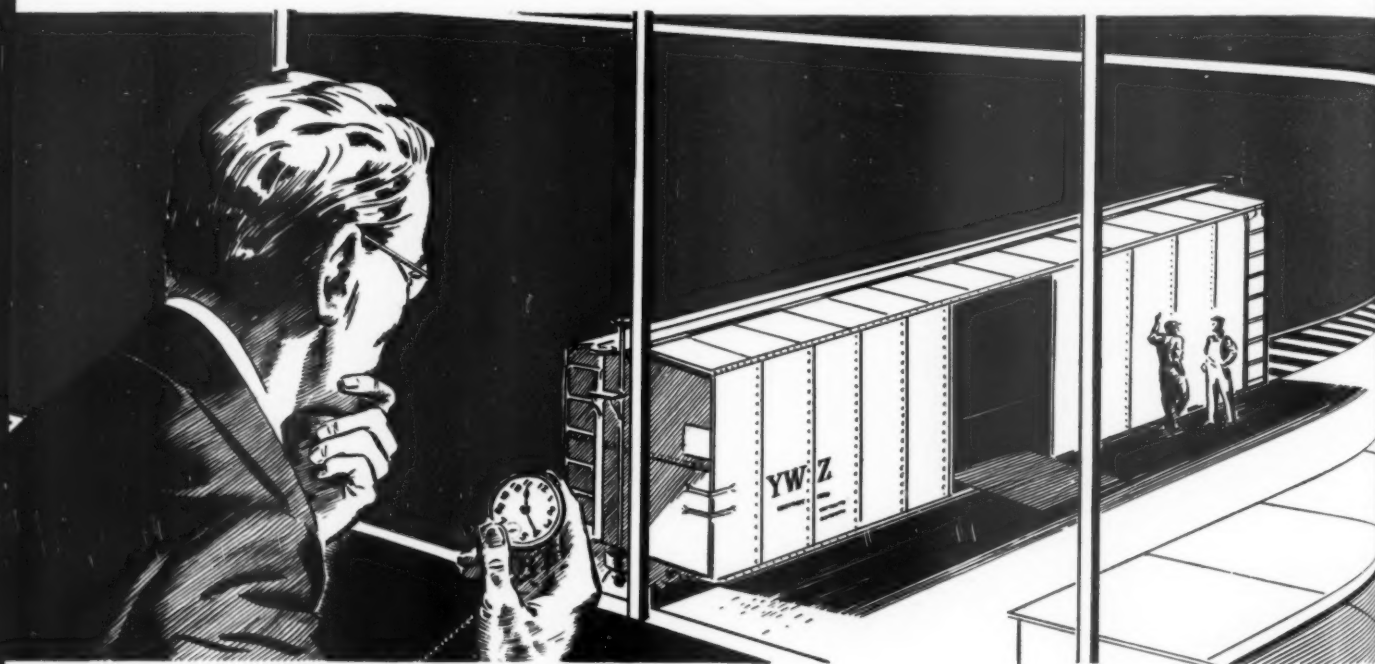
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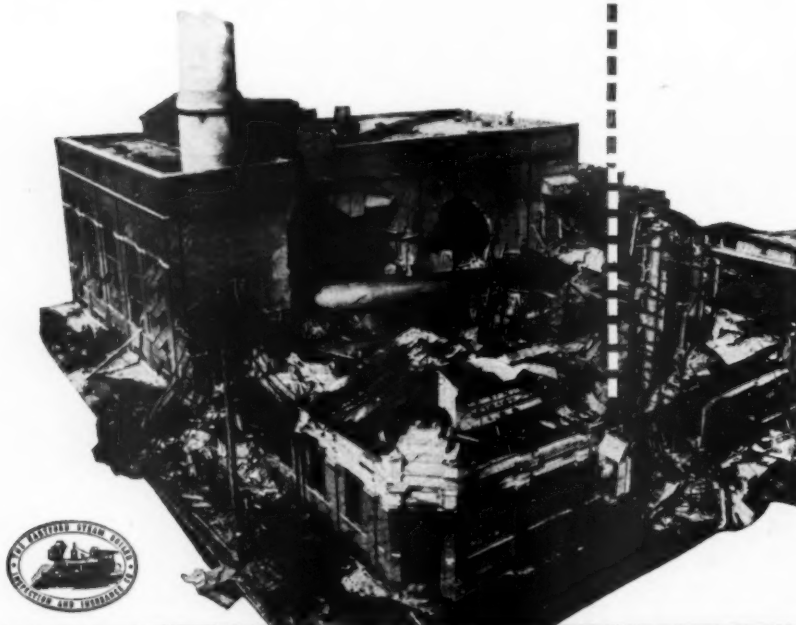
If you think there can be nothing so suddenly and completely devastating as an exploding aerial bomb, look at this scene of destruction!

*It was the result of a boiler explosion!*

How many power-plants are sitting on the edge of similar disaster? . . . with causes growing—unseen and unsuspected—from weakening seams in a boiler or from incipient cracks in a plunging engine or whirling turbine rotor!

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Writes more power-plant insurance than the combined total of the FIVE next-largest underwriters in this field. Is also chosen to shop-inspect more than 90% of the nation's industrial boilers during their construction.

## BUSINESS WEEK

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### THE PICTURES

Cover: Charles Phelps Cushing

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Other photographs appearing in this issue were taken by Business Week photographers or were obtained from private sources.

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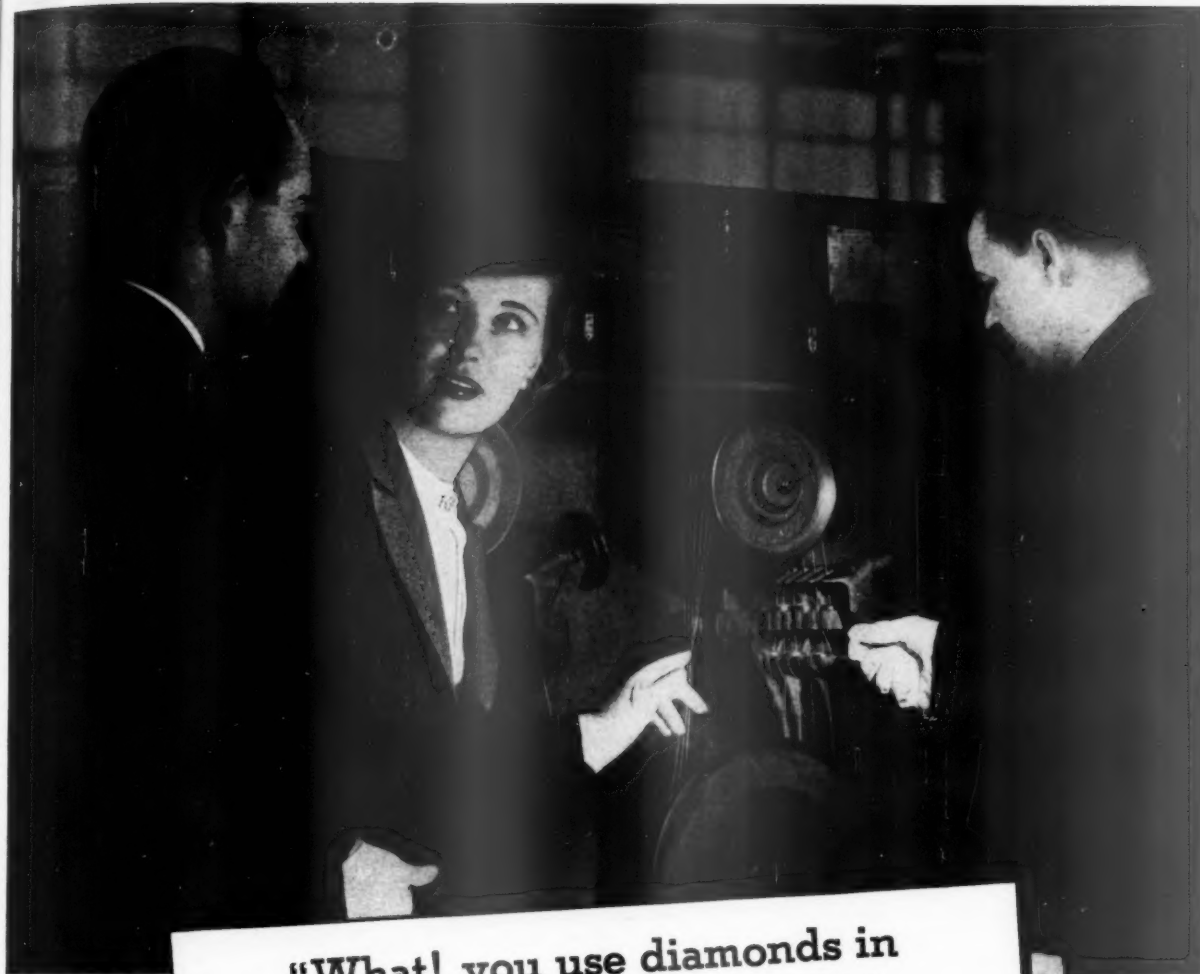
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pulled down to the required size.

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Machines like this, attaining new speeds in wire drawing, are designed, made, and operated by Western Electric in its capacity as manufacturer for the Bell System.

Their speed has special importance now in rushing wire for national defense.

**... helping to keep down your telephone cost.**

Making wire and thousands of items of telephone apparatus, Western Electric constantly finds ways to reduce cost and improve the product.



# Western Electric

**... is back of your Bell Telephone service**

How to answer  
a priority problem  
IN NEW YORK STATE

"I WISH THE OPM  
COULD TELL ME..."



"I know it's a tough job, Sam," said the treasurer, "redesigning our product to meet priority conditions."

"Oh, the designs are coming O.K.," said Sam. "But where are we going to get the new parts made? I'm an engineer—not a magician."

"Well, Sam, I think our New York bank might be able to help. They're in touch with many upstate companies who may not be 100% loaded."

"Good idea. What is the bank?"

"It's Marine Midland, Sam, with personal and business connections all over New York State."

► Our customers get unusual services! They can keep in close touch with business conditions and activities through Marine Midland banks in 39 New York State manufacturing and trading centers. They're always free to draw upon the intimate knowledge of our executives on such things as available plant facilities, products that are made there, and the men who make the products. The Marine Midland Banks are rooted in the world's richest market—New York State.



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# BUSINESS WEEK

and The ANNALIST

June 7, 1941

## DEFENSE LINE

If you want a concrete symbol of the "unlimited emergency," look back at our cover photograph of that line of supplies for Britain on the Jersey City docks. Try to define "unlimited emergency" in terms of national policy and you won't find anything so concrete. As our Washington Bureau says (pages 7, 15), never was the situation so much up to the President. But a close look will reveal significant new moves under way.

## EYES ON STEEL

A close look is what the steel industry has been getting from the Office of Production Management. Results, in quick succession, have been (1) a downward revision in OPM's estimates of how much steel we are going to get and (2) a tightening of OPM controls over steel priorities. For what all this does—and doesn't—mean to steel users, see page 17.

## HOUSES, HOUSES, HOUSES

The report beginning on page 22 will bring you abreast of the defense housing speedup. To keep abreast from now on, get the weekly Defense Housing Bulletin from the Information Office, Federal Works Agency in Washington. It gives the name, location, and cost of every project, tells what agency is handling it and the name of the contractor building it.

## EATING AS USUAL

Some people thought that the Defense Nutrition Conference held in Washington last week was going to start us on our way toward regimented food production for regimented diets—all in the name of defense. What it actually had to say about vitamins, enriched foods, and better-balanced meals was surprisingly reasonable—and surprisingly important (page 18).

## SHARING THE RATIONS

Because good neighbors must live, even in wartime, Washington plans a new kind of priorities. After defense requirements are met, supplies will be allotted to the 20 Latin American republics, to keep their economic wheels turning. These allotments, based on lists of needs now being scrutinized—page 65—will take precedence over U. S. civilian priorities.

## A BOOM FELL IN ALABAMA

Gadsden's gain in the 1940 census would have been 13.4% instead of 53.8% if it hadn't been for that merger with Alabama City. But the story of the 13.4% can't be overlooked, for Gadsden is a town that's going places for its own good reasons. Those reasons—page 36—spring from the Southern economy of which it is a part, and from Northern industry's decentralization.

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DR. WILLIS H. CARRIER AND HIS ASSOCIATES

# Announce New 1941 CARRIER WEATHERMAKERS



**Doctors** Snap the switch and muggy August turns to May. Here's the new De Luxe Window Model, small in size, low in price. For bedroom or office. Effectively removes pollen from the air, helps bring relief to hay fever sufferers.



**Lawyers** Cooling alone is not enough. You want comfort, silence, trouble free performance, economical operation. You want assurance of full capacity. Carrier builds these extra values into all models and sizes of 1941 Carrier Weathermakers.

## Cool Comfort FOR THE AMERICAN FAMILY

☆ Is it new? Is it good? Does it mean a better way to live? Then the American family wants it! The automobile, radio, automatic heating—once luxuries, now are part of our everyday lives. Today Carrier Air Conditioning is ready for the American family too.

Proudly we present the new line of Carrier Weathermakers for 1941—true air conditioning as developed by Air Conditioning's *First Name*, proved in 99 countries of the world. There is no compromise here because of size or price. As ever, Carrier gives you *more comfort per dollar*.

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**Merchants Wise** In large stores and small, you'll find fresher merchandise, cheerful service and *real* comfort . . . because the Carrier Self-Contained Weathermaker is engineered to store requirements in seven sizes.

## Air Conditioning's *First Name*—

Dr. Willis H. Carrier "invented" air conditioning. Thanks to controls and techniques developed by him and his associates, air conditioning has opened a new world for you in the comforts you enjoy, the things you eat and wear, the way you live and work.



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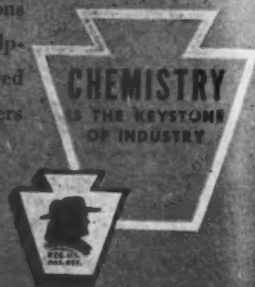
## THE MOST IMPORTANT SIX CENTS WE EVER HEARD OF

Checking his accounts at the end of a day, Storekeeper Abraham Lincoln discovered that he had overcharged a customer six cents. Lincoln walked six miles to return those pennies... and earned the nickname "Honest Abe."

Integrity in little things builds enviable reputations for business organizations too. It isn't its ninety-one years of manufacturing experience, nor its helpful technical assistance, nor its record of progressive research and improved chemicals, but rather it is a homely sense of confidence felt by its customers that earmarks Pean Salt, one of the important chemical institutions.

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MANUFACTURING COMPANY**  
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# WASHINGTON BULLETIN

## FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

### Winant's Mission

There need be no mystery about Ambassador Winant's hurried visit to Washington. He is here to tell the President exactly how tough Britain's position is, and to turn over to Harry Hopkins a list of the minimum quantities of supplies that must be delivered to the British this summer.

Peace terms are not being discussed. That phase of the crisis probably came to a head during the two-weeks' postponement of the President's now-famous "national emergency" talk. Insiders are convinced that London and Washington agreed by telephone two weeks ago that they could, and would, see through a showdown with the Axis. Ambassador Winant didn't leave London until that decision was reached.

### Where Britain Is Pinched

The Battle of the Balkans proved that the British were still hopelessly outclassed and outnumbered in mechanical equipment. Crete proved that the Navy cannot operate in close quarters unless it is adequately protected from the air, and that Britain is faced with a desperate shortage of supply ships to carry on a distant campaign consuming such quantities of munitions. (The effectiveness of the British fleet in the eastern Mediterranean is reported to have been cut to zero for more than a day because it ran out of munitions.) And though the Battle of the Atlantic has temporarily abated, Britain's 45,000,000 people have to be fed and the huge war industries supplied with imported raw materials which today can be adequately handled at only two ports—Liverpool and Glasgow. The rest have been bombed to a minimum of usefulness.

• **Crisis Now**—These are the facts which Ambassador Winant has been reporting to the President this week with all of the color of his personal experiences in battered England. His job is to tell the President that the British can't pull through this year without far more aid than this country is now giving—and that the time is getting very short.

### Court in the Bag

It's too late to think that Supreme Court changes will make much difference to business. Roosevelt, with Hughes and McReynolds to replace, has already appointed a majority to the bench. Some think that Sen. Joe Byrnes, if appointed, will turn conservative, but this will be ineffectual. Hughes' replace-

ment by a 100% New Dealer won't make much difference either. His conviction that 5-4 decisions weakened the Court has frequently put him with the New Dealish majority even when it appeared to reverse his previous views. You could see this as far back as the Wagner Act decision of 1937.

• **Lost Leader?**—Bob Jackson's taking the veil would be a great loss to his left-wing following in executive quarters, but he has about given up hope of making the White House himself.

### Defense Goes West

The querulous Midwest is running in the money in the second heat of the government defense plant construction program. Parsons, Kan., and Texarkana, Tex., have been selected for shell-loading plants to cost \$35,000,000 and \$45,500,000 respectively, including land, buildings, and equipment. Chattanooga has captured a \$39,000,000 TNT plant. Minneapolis, Manhattan (Kan.), Tulsa, Abilene (Tex.), and Peoria (Ill.) are worth bets as likely spots for additional munitions plants.

### "Normalcy" Protected

Congress is in no mood yet to tax away "normal" profits. First move of the House Ways and Means Committee was to rip into the Treasury's drastic excess-profits tax proposal to limit tax-free profits to the percentage of invested capital earned before the war, with a maximum of 10%. That proposal would not only have cut sharply the normal earnings of many industries, particularly those with low invested capital; for many high-capital industries whose earnings have been depressed for years, it would have been a ban on realization of normal profits on capitalization during the defense period.

### Alternatives Wanted

Barring White House intervention, the House Committee seems certain to retain alternative credit provisions, such as in the present excess-profits law which allows corporations to exempt either 8% of invested capital or 95% of average pre-war earnings. A reduction in these exemptions is possible but only against stiff opposition, since, like the Treasury proposal, it would cut into normal profits.

There is general agreement on increasing the rates which now run from 25% on the first \$20,000 of excess profits to 50% above \$500,000 but the new rates

may be made to apply to percentages of normal earnings rather than to fixed dollar sums. Use of the fixed dollar base has the effect of penalizing big corporations; \$20,000 of excess profits may be 100% of a small corporation's normal earnings but only 1% of a large one's and both pay a 25% tax now.

• **Lost Goal**—Comforting but hardly significant is Secretary Morgenthau's abandonment of his position that two-thirds of the government expenditures should be covered by taxes. A climb in estimated expenditures in the next fiscal year from \$19,000,000,000 to \$22,000,000,000 has forced his rule-of-thumb into the discard. But when the current bill is finally passed in late summer, the Treasury may be ready to suggest further tightening-up of the whole tax system.

### Subcontract Showdown

What's the actual score on subcontracting of defense orders? OPM wants a real answer to that question after months that show few tangible results for its effort to expedite production through subcontracting. If you have a government order exceeding \$50,000, you will get a questionnaire calling for data on the nature, extent, and limitations of your subcontracting activities. The facts are expected to help OPM put better direction and more pressure into the subcontracting movement.

• **Extra Dividend**—This information should also help market analysts to determine the actual spread of defense business. Prime contract figures obviously tell only part of that story.

### To Recapture Workers

The War Department has now set up a formal procedure whereby key employees from essential industries can be pulled back to their jobs from the Army draft camps. Requests for return of such men must be made by the responsible head of an employing firm and addressed directly to the Undersecretary of War. They must adhere exactly to a form outlined in a bulletin available at Patterson's office, made under oath, and notarized. Incidentally, your keyman draftee or volunteer must consent to such recapture as "an occupational specialist in the enlisted reserve."

### War Tip

Did you notice that the Office of Production Management has tipped off the fact that Washington expects Spain and Portugal soon to fall completely into

the Nazi orbit? Effective June 12, all stocks of cork in this country—though all are held by private industry—must be set aside as a reserve from which OPM will allocate defense demand ahead of civilian use. Manufacturers using cork were ordered to cut processing operations in half. Future needs can be filled only with the sanction of the priorities control. Almost all of this country's cork comes from Spain and Portugal.

### Arnold's California Drive

Thurman Arnold's twin drives on the consumer and national defense fronts made spectacular progress this week. Two federal grand juries in San Francisco returned indictments charging 194 corporations and individuals with monopolistic practices in controlling prices and supplies in five California food industries and in the manufacture of battery separators—the wooden plates which divide cells in storage batteries. The food industries involved include fruit and vegetable canners, the dried fruit industry, processors and marketers of rice from Northern California fields, the evaporated milk industry, and sardine packers.

California has provided the Antitrust Division with an especially fertile field of investigation. Industrialization of its agriculture has led naturally and normally to the pioneering of many price-stabilization devices, such as those employed by peach packers (BW—Apr. 12 '41, p. 49). These are the controls which now fall under Arnold's fire.

• **Defining the Limits**—Trial of the evaporated milk action, is likely to result in setting legal limits for the first time on the extent of cooperation which is permissible under an agricultural marketing agreement. The evaporated milk agreement, like all others, provides exemption from the antitrust laws but only to the extent that is "absolutely necessary for the purpose of carrying out" the agreement. Question: How much collaboration is "absolutely necessary"?

### That Tax on Defense

Attorney General Jackson's promised official statement on the question of state and local taxation of defense activities will be a straddle, nothing likely to put an end to the jurisdictional controversy. He'll maintain that defense activities are exempt where the burden of state sales and use taxes demonstrably falls on the federal government, as in the case of cost-plus-fixed-fee contracts. He'll back up the State Department's stand that a tax on British-owned properties is a question of international law.

The case of properties of the RFC and its subsidiaries, will be clarified by a bill now pending in Congress to definitely exempt all RFC personal prop-

erty. But where buildings and streets located on leased land are taxable under state law as personal property, they will not be specifically exempted.

### Bomber Speed-Up

The heavy-bomber production program is to be pushed faster than originally intended and not simply superimposed on existing schedules as was done in last fall's "Knudsen plan." Such an approach to the 500-bomber-a-month program would have deferred production at least into the spring of 1943.

Under new plans, some phases of the existing schedule—notably that covering military transports and light two-engine bombers—are to be deferred to make way for the four-engine equipment. Also, the heavy-bomber orders are getting priority ratings two steps higher than those regularly assigned to aircraft. All this points to substantially expanded heavy-bomber production as early as next spring.

### Plants Mobilized

Under the new program two nearly completed plants—Douglas' Long Beach assembly plant and Lockheed's Vega plant at Burbank, Calif.—are to be diverted to assembly of Boeing B-17 heavy bombers. A coordinating committee representing Boeing, Douglas, Lockheed, Army, and OPM will centralize procurement of parts and sub-assemblies. Suppliers are not yet known, but presumably the auto-body builders, particularly Briggs, who were to have serviced the Long Beach plant will be available.

### Way for the Seaway

The Administration is all set on its strategy for winning a long-hostile Congress to approval of the St. Lawrence power-waterway project. It will answer the expected filibustering attack with the potent argument that we are in for a long war with mounting demands for power and for ocean-going shipbuilding space that the Great Lakes can supply if the project goes through. This seems likely to swing the legislators over—and only a majority vote is needed. (The measure approving Roosevelt's agreement with Mackenzie King was submitted as a bill, instead of as a treaty requiring a two-thirds vote in the Senate.) Supporters also hint at helpful vote-swapping for other sectional projects such as the Florida ship canal. New Dealers even believe that some of the hostile but now hard-pressed private utilities will fall into line behind their scheme.

• **Beau Geste**—The St. Lawrence construction project may bring back to public life Edward J. Noble, Life Saver maker. Tommy Corcoran is boosting him for membership on the interna-

tional commission. F.D.R. may forgive Noble for going Willie in view of the punishment he took as Undersecretary of Commerce in Hopkins' regime.

### Steel Rate Dicker

Treasury men are dickering with the seven transcontinental railroads for lower freight rates on shipments of government steel to the West Coast. The Maritime Commission's shipbuilding program alone will require enormous quantities. Reaction to the proposal is favorable in at least one instance, but final decision awaits an early conference of heads of the roads. Present rail rate from the Eastern seaboard of \$1.43 per 100 lb. is a "paper" rate as tonnage normally moves by water at 53¢.

• **Bait**—Prospect dangled before the roads is a permanently more equal division of shipments between rail and water.

### Key Man For L. A.

Look for Will Clayton to take an increasingly important part in this country's activities in Latin America. Long one of the major executives in the great cotton brokerage firm of Anderson, Clayton & Co. whose business interests were extended to South America nearly a decade ago, he was first brought to Washington by Nelson Rockefeller to help work out the policies of the President's hemisphere trade and defense program. Later, he was drafted by friend Jesse Jones, fellow-Texan, to be deputy federal loan administrator. During the last few weeks it has been rumored that he will head the projected Department of Economic Warfare. Last week, he was named president of the new Airlines Credit Corp., which is being organized to take over—by one means or another—the network of South American air services which have been operated by Axis interests (BW—May 17 '41, p. 17). And he may yet head the Inter-American Bank which is expected to play a big role in the economic development of Latin America.

### P. S.

His goose already cooked, Edwin S. Smith of the Labor Board poured on the sauce by his recent speech about the New Deal's fascist trend. At the President's request, Madam Perkins is lining up candidates for the vacancy on NLRB Aug. 27. . . . President Roosevelt, who has never been fond of highway expenditures, has asked Congress for only \$125,000,000 for defense roads and would put the chief load on WPA and the states. His Public Roads Administration in February recommended a minimum of \$287,000,000 and has since found need for \$130,000,000 more. Congress may step up the amount.

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nothing to hold...consult papers, shift about while talking in normal voice



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**RECORDER** contains a turntable upon which disc is placed to receive impressions through a recording head with permanent diamond-tipped stylus. A convenient indicator allows positive noting of corrections and end of letter. Dictation may be played back, through built-in loud speaker. Remote control available.



**TRANSCRIBER** has playback head with permanent sapphire-tipped stylus. Dictation is played through "soft speaker" audible only at secretary's ear. Earphones may be used where conditions require. Control switch starts and stops turntable; another switch provides repetition as desired.

### EQUAL FREEDOM FOR SECRETARIES...

clear tone thru flexible softspeaker; earphones also available.



RECORDS CONFERENCES accurately, confidentially.



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**Records 15 minutes on each side of disc.** New-type wafer disc holds a full half-hour's dictation on its two sides.

**Does dozens of extra jobs**—SoundScriber records conferences and radio programs; reports salesmen's calls right in the field; one hour's recording can be mailed first class for 6¢; easy portability permits recording anywhere while facts are fresh. Carries talks from home office to branches... does many other jobs.

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## MORE COAL FOR POWER

*because Westinghouse Provided More Power for Coal*

Modern mining, like other industries, depends upon electricity for power. But in large mining operations, the working face of the mine often moves so far away from the source of power, the loss in transmission seriously impairs operations.

To solve this problem Westinghouse developed an entirely new type of substation for mines—the Ignitron Rectifier. One example is a small, compact, mobile unit which can be mounted on two mine cars and drawn by a standard underground locomotive to any place in the mine where cars normally go. Only 46 inches high, no expense is involved in enlarging entries to permit its passage. It can easily be moved underground or above ground to provide power where it is needed and keep production moving.

A typical installation of the Ignitron Rectifier is in a large mine where the working face was nearly three miles from the source of power. This new Westinghouse substation reduced the cable run to about 2,000 feet.

A mining substation may have no bearing on your present production problem. But remember, a large corps of Westinghouse engineers is constantly solving all kinds of production problems for industry. You can use their services freely. Just call our nearest office.

Westinghouse Electric & Mfg. Co.,  
East Pittsburgh, Pennsylvania.

# Westinghouse

*Time-Saver For American Industry*

### ELECTRICAL POWER SPEEDS PRODUCTION

*No American manufacturer can afford to overlook the modern methods and equipment offered by the electrical industry for speeding up production.*

Recent Westinghouse developments include: a new furnace that clean-hardens motor parts without decarb; a new drive that gives adjustable speed from a-c power; a new portable a-c welder for general utility work; a new transformer of smaller size and lighter weight. These and hundreds of other Westinghouse devices are available to help you speed production.



J-94448



# FIGURES OF THE WEEK

THE INDEX (see chart below) . . . . . \*147.6 †146.0 139.4 142.7 117.3

## PRODUCTION

Steel Ingot Operations (% of capacity) . . . . .	99.2	98.6	96.8	96.9	80.3
Automobile Production . . . . .	106,395	133,560	130,610	128,783	60,980
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$15,229	\$12,606	\$15,211	\$18,799	\$10,180
**Electric Power Output (million kilowatt-hours) . . . . .	2,898	3,012	2,915	2,932	2,478
Crude Oil (daily average, 1,000 bbls.) . . . . .	3,786	3,773	3,507	3,335	3,749
Bituminous Coal (daily average 1,000 tons) . . . . .	1,745	†1,693	267	1,827	1,307

## TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) . . . . .	89	88	85	83	71
All Other Carloadings (daily average, 1,000 cars) . . . . .	56	55	35	50	43
Check Payments (outside N. Y. City, millions) . . . . .	\$5,367	\$5,740	\$5,445	\$4,547	\$4,552
Money in Circulation (Wednesday series, millions) . . . . .	\$9,294	\$9,186	\$9,071	\$8,465	\$7,685
Department Store Sales (change from same week of preceding year) . . . . .	+21%	+12%	+17%	+9%	None
Business Failures (Dun & Bradstreet, number) . . . . .	221	270	272	258	239

## PRICES (Average for the week)

Business Week-Annalist Cyclical Commodity Index . . . . .	86.80	87.42	85.73	81.28	70.21
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100) . . . . .	194.6	†195.9	188.8	167.6	153.2
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	138.9	139.1	135.7	121.3	112.7
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100) . . . . .	142.0	†142.9	136.3	122.3	112.7
Iron and Steel Composite (Steel, ton) . . . . .	\$38.15	\$38.15	\$38.15	\$38.13	\$37.55
Scrap Steel Composite (Iron Age, ton) . . . . .	\$19.17	\$19.17	\$19.17	\$21.17	\$18.58
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	12.040¢	†12.042¢	12.038¢	12.023¢	11.500¢
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$0.88	\$0.93	\$0.87	\$0.85	\$0.82
Sugar (raw, delivered New York, lb.) . . . . .	3.44¢	3.35¢	3.42¢	2.85¢	2.73¢
Cotton (middling, ten designated markets, lb.) . . . . .	12.93¢	†12.95¢	11.66¢	9.78¢	10.07¢
**Wool Tops (New York, lb.) . . . . .	\$1.305	\$1.316	\$1.305	\$1.201	\$
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	22.03¢	†22.90¢	24.02¢	20.91¢	21.55¢

## FINANCE

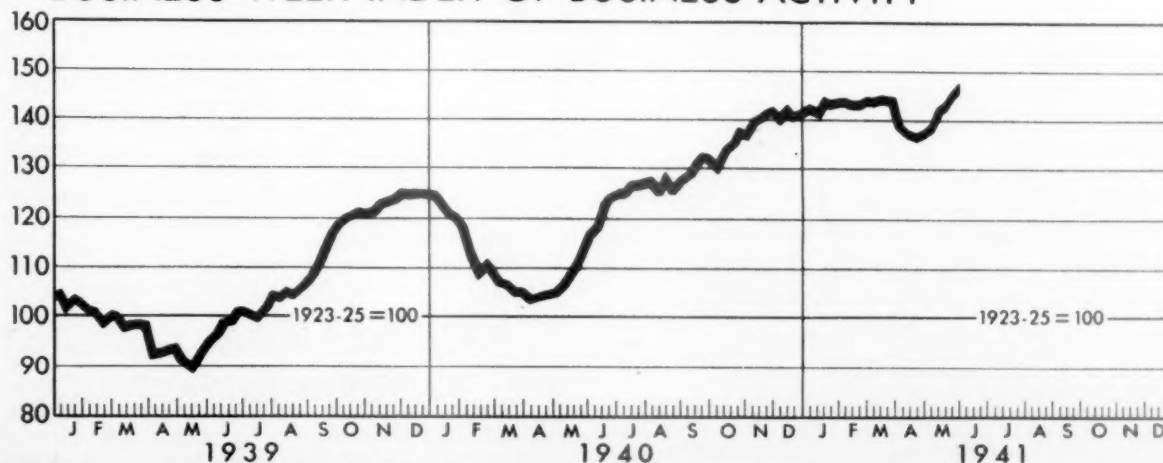
90 Stocks, Price Index (Standard & Poor's Corp.) . . . . .	74.7	74.7	74.5	84.1	73.0
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's) . . . . .	4.33%	4.33%	4.32%	4.48%	5.22%
U. S. Bond Yield (average of all issues due or callable after twelve years) . . . . .	1.90%	1.94%	1.91%	1.93%	2.48%
U. S. Treasury 3-to-5 year Note Yield . . . . .	0.41%	0.41%	0.49%	0.34%	0.83%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average) . . . . .	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate) . . . . .	†-1%	†-1%	†-1%	†-1%	†-1%

## BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks . . . . .	24,311	24,265	23,712	22,189	20,287
Total Loans and Investments, reporting member banks . . . . .	27,915	27,798	27,550	24,902	23,524
Commercial and Agricultural Loans, reporting member banks . . . . .	5,673	5,639	5,532	4,911	4,367
Securities Loans, reporting member banks . . . . .	1,022	902	910	927	959
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks . . . . .	13,996	13,991	13,927	12,250	11,480
Other Securities Held, reporting member banks . . . . .	3,693	3,761	3,753	3,524	3,569
Excess Reserves, all member banks (Wednesday series) . . . . .	5,820	5,860	5,770	6,931	6,362
Total Federal Reserve Credit Outstanding (Wednesday series) . . . . .	2,231	2,237	2,234	2,276	2,511

\* Preliminary, week ended May 31st. † Revised. § Date for "Latest Week" on each series on request. \*\* New Series. ‡ Not Available.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



# "He even worked on fluorescent lighting!"

A NEW SCIENCE STORY THAT  
CONCERNS EDISON AND YOU...



- 1 **JOE:** I'll be jiggered, fluorescent lighting in a club car!  
**AL:** Brand new idea in lighting, isn't it?  
**JOE:** Older than you think, Al. Even Edison worked on it!  
**AL:** That man must have thought of everything!  
**JOE:** Well, he *did* patent a fluorescent device in 1907!



- 2 **JOE:** ... But General Electric spent years in research to produce today's high efficiency fluorescent lamps. They had to develop their own Phosphor—the material that transforms ultra-violet into visible light—then grind it almost as fine as that girl's face powder! For top efficiency it's got to be just so fine and no finer!



- 3 **AL:** Sounds like a peck of trouble just to make a lamp!  
**JOE:** Yes, and that's only *one* thing G. E. does to make them give maximum light throughout life. In their Cleveland laboratory, they keep G-E MAZDA F (Fluorescent) lamps burning night and day till they go out! In three years, they've increased light output as much as 40% and reduced prices as much as 45%.



- 4 **AL:** What about fixtures? Does G.E. make those too?  
**JOE:** No, General Electric doesn't make fixtures for these lamps. But they helped set up rigid standards for Fleur-O-Lier fixtures certified by Electrical Testing Laboratories. See the tag? Any manufacturer can get this certification if his fixtures meet the specifications. Over 40 companies cooperate to make Certified Fleur-O-Liers in all sizes and styles.



- 5 **AL:** Where would I get fixtures for my business?  
**JOE:** Your G-E lamp supplier can show you a full line of certified fixtures with G-E MAZDA F lamps, ready to use!  
**AL:** I'll take General Electric's word for it!  
**JOE:** Right! You know the story of Edison's first *bulb*? Well, today's G-E bulbs give 10 times the light at 1/10 the price—and G-E MAZDA F lamps are following right in their footsteps!

## NEW QUANTITY DISCOUNTS \$5 worth for \$4—\$15 worth for \$11<sup>25</sup>

**GOOD NEWS** for everyone who uses electric light! Every factory, office, store, apartment, restaurant—yes, and many homes too—can take advantage of new low quantity prices on all types of G-E MAZDA lamps. See your G-E lamp supplier for full details today!

## G-E MAZDA LAMPS GENERAL ELECTRIC

MAZDA: Not the name of a thing, but the mark of a research service

# THE OUTLOOK

## Business Pace to Quicken

After slow going for six months, industrial activity is due to spurt as new defense plants get into production. Labor reserve sharply cut as employment hits all-time high.

The Business Week Index has advanced to another new high, 147.6, and is now 30.3 points—a full 25%—higher than a year ago. Most of the gain, however, was recorded during the summer and fall of last year. Since then, the rate of rise has slackened noticeably, as the following tabulation indicates.

First Period	Index
June 1, 1940.....	117.3
Nov. 30, 1940.....	142.7
Points Gain.....	25.4,
	or 0.98 per week
Second Period	Index
Nov. 30, 1940.....	142.7
May 31, 1941.....	147.6
Points Gain.....	4.9,
	or 0.19 per week

### Defense Impetus

The first period coincides with the big uprush in the defense effort, beginning with the capitulation of France and the President's request to Congress for large defense appropriations. As the Outlook Chart shows, expenditures on the Army and the Navy really started up beginning in June, 1940.

Though defense outlays continued to advance sharply during the second period, the effects on the Business Index were not as great. In the earlier period, idle plant capacity was available for increased production, but in the later period, expansion has had to wait on new factories being completed.

### Pace to Quicken

But from now on, the rise should resume a somewhat swifter pace. Over the next three or four months, the Index might advance to 155, or at an average rate of 0.5 points per week. Though that would be only half as fast as from June 1 to Nov. 30, 1940, it would be about 2½ times as fast as from Nov. 30 to date.

As new plants go into production of planes, tanks, and ordnance, the advance in business automatically will accelerate. This rise in output will be reflected directly in such components of the Business Week Index as carloadings and electric power output. But steel and automobile production, being at virtual capacity, are not apt to show large absolute gains. Heavy construction, which has lagged for some time, is picking up

again. According to Engineering News-Record, heavy engineering contract awards this week jumped from \$65,000,000 to \$133,000,000—the fifth highest peak of the year. Cantonments, dwellings for defense workers, and arms plants helped to boost the total.

### Home-Building Situation

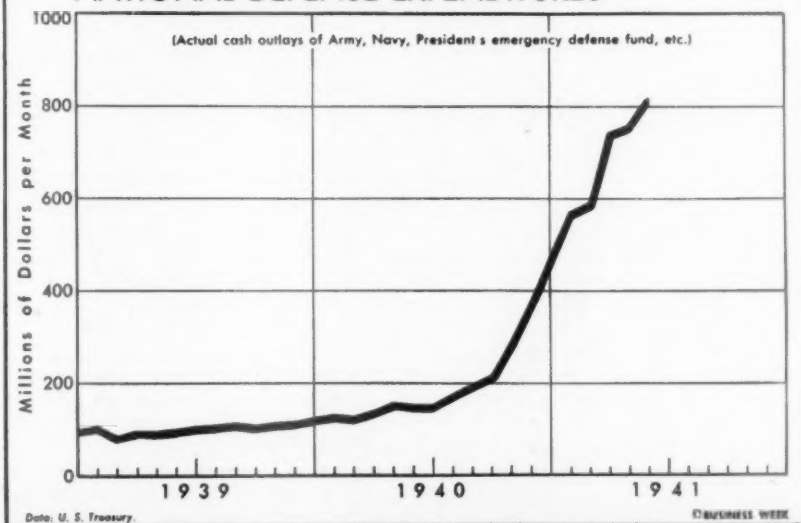
Incidentally, residential building is an enigma in the business outlook. Because of the demand for living quarters in industrial centers—workers in Baltimore are using trailers in emergency (BW—May 31 '41, p. 17)—construction of new homes is a defense necessity. On the other hand, since many of the materials used in home construction are needed

for defense—steel, lumber, copper, etc.—residential building in non-defense areas is likely to be regarded as a non-necessity, and hence subject to priorities. Thus, when the job of housing defense workers approaches completion, residential contracts awarded may turn down—perhaps quite sharply.

Some indication of the congestion in industrial areas can be gleaned from the latest employment figures. The Bureau of Labor Statistics places total non-agricultural employment at 37,617,000 in April. That's the highest on record, topping the previous peak of 37,470,000 in September, 1929. Since the coal miners were on strike during April, the official figure is an understatement. A realistic total would run close to 38,000,000.

The increase in employment during the last year has been more than 3,000,000. Biggest gains (which explain the congestion in defense industrial areas) have been: manufacturing, 1,500,000; construction, 640,000; federal, state, and local government, 270,000; transportation and public utilities, 165,000; trade,

### IN THE OUTLOOK: NATIONAL DEFENSE EXPENDITURES



The curve of national-defense expenditures understate the government's defense outlay. They do not include stockpile purchases by the Treasury and the RFC, RFC advances for plant expansion, and miscellaneous defense expenditures by TVA, the Coast Guard, the Civil Aeronautics Authority, and other federal agencies. If these were included the total would be running above \$1,000,000,000 monthly, instead of the \$835,000,000, as shown in the above chart.



150,000. In addition, the armed forces have taken more than 1,000,000 men in the last year. As a result, the country's labor reserve has been cut sharply.

Current unemployment, including emergency relief workers (such as WPA), is down to about 3,500,000. This does not constitute a very large reserve, especially when it is considered that some of the WPA workers are engaged in necessary defense work, and hence cannot be truly considered unemployed (BW—May 3'41, p. 72).

There are safety valves, however, if employment conditions get tighter. Women frequently seek jobs when wages and salaries rise, or when members of the family (formerly breadwinners) enter the armed forces; the same applies to younger persons who would otherwise continue their schooling. Moreover, agriculture affords a source of labor supply during a period of rising industrial wage scales.

But it is quite clear, as bottlenecks in skilled labor in the airplane, shipbuilding, and metal-working industries attest, that the period of an unlimited labor supply is over—at least "for the duration." Back in 1932 and 1933, estimates of unemployment ran as high as 13,000,000. But business improvement up to 1939 and national defense after that have taken up most of the slack.

## Clothes by Card

Britain begins rationing of virtually all apparel. Shopkeepers have to show coupons in order to replenish stocks.

London's Petticoat Lane was jammed from curb to curb last Sunday as Britons rushed to replenish their wardrobes before the country's wartime decree rationing practically all clothing took effect.

Germany instituted clothes-rationing in November, 1939, but Britain, where sartorial perfection is a major industry, delayed the move until this week when the shortage of ships to haul textile raw materials, and the need to shift workers to defense industries made the move necessary. But beyond these problems, British officials had been pressed for many weeks to introduce rationing in order to bring about a fairer distribution of rapidly dwindling supplies of clothes.

• **Shoes and Cloth, Too**—With a few exceptions, all clothing for both men and women will be rationed. So will shoes, cloth, and knitting wool. Main exceptions are clothing for children under 4 years of age, hats for both men and women, workmen's overalls, sewing thread, shoe laces, and all second-hand clothes. Blackout cloth, to cover windows, is also exempted.

Before Aug. 1, ration cards, each with



## ALUMINUM SAMPLES

The Office of Production Management last week indicated it might start a nationwide drive to collect aluminum articles to be melted down and used in the manufacture of armaments, when it launched "sample" one-week collection campaigns in Richmond, Va., and Madison, Wis. Residents of these cities came to the collection stations with everything from worn-out pots and pans to artificial legs. The Richmond city government handed over its broken parking

meters; the state came through with some discarded highway markers. Just as the drives were getting under way though, defense officials discovered that, despite attempts to conserve aluminum for aircraft construction, the Army had been ordering aluminum articles right along, and had just recently contracted for 5,000 aluminum coffee filters, 50,000 water pitchers, 100,000 syrup pitchers, 3,900 plates, and \$203,000 worth of aluminum cooking utensils. Confronted with the situation, the Army promptly agreed to look for substitutes from now on.

66 coupons, will be distributed throughout England. Meanwhile, people who need to buy clothes are required to offer extra margarine coupons when they go shopping for clothes.

How much the English can buy in a year with their 66 coupons is limited by the following schedule:

	No. of Coupons
Suit .....	26
Dress .....	11
Shirt .....	8
Pair slacks .....	8
Dressing gown .....	8
Bathing suit .....	4
Apron .....	3
Pair stockings .....	2

• **Quality Doesn't Count**—Quality has nothing to do with the number of coupons demanded. An evening dress from one of London's swankiest West End shops calls for the surrender of 11 coupons just as a common house dress of the \$1.98 variety.

Individual shopkeepers are not re-

quired to register their customers, but they will be allowed to replenish their stocks only by turning over to the manufacturer the coupons they collect from customers. For each coupon, they will be entitled to one replacement article.

• **Government Figures**—As soon as the project was announced, the British government released figures showing how Britain's new rationing schedule compares with the original German schedule.

Because the original German cards were based on 160 coupons rather than the 66 used by the British, comparable values are assigned to the British:

Item	No. of Coupons	
	British	German
Handkerchief .....	3	2
Collar .....	1½	3
Pair of socks .....	4½	5
Shirt .....	7½	20
Pair of pajamas .....	12	30
Overcoat .....	24½	40
Suit .....	39	60
	89	160



# The President's "Emergency"

With his proclamation, which prepares the public for quick action, and new legislation empowering him to take over property, Roosevelt assumes full responsibility for war policy.

Since the President's proclamation of a full emergency Washington's mood is questioning. What will be done (that wouldn't have been done anyhow) to speed up the defense program in support of Roosevelt's announced intention to enter the war when, as, and where he pleases?

Apart from Hiram Johnson, Burt Wheeler, and the small band of irrepressible isolationists, the Congress of the duly elected representatives of the people is vastly relieved that the President has taken on himself entire responsibility for building a bridge from peace to war. But Congressmen and Washingtonians at large were expecting—and many of them were disappointed—that dramatic action didn't follow hard upon the President's dramatic exposition of his course.

• **Preparing the Way**—A decided let-down followed. "Just more talk," was the common comment, but by his speech and by his proclamation the President has prepared the public for quick action when he decides to act. What he'll do will depend on day-to-day events: On the military front more hair-splitting between peace and war; on the home front more moves to support the immediate objective—aid to England. Beyond that, a better-organized attempt to anticipate the long pull when the United States may be in the war on its own.

Practically speaking the proclamation makes no powers available to the President that he could not invoke previously under the proclamation of a "limited" emergency Sept. 8, 1939. In the intervening period the only restraint on the President was self-restraint, because there never was any separation of available powers as between a limited and unlimited emergency. These cover commandeering of plants and materials, transportation, shipping, communications, power and many lesser applications of control over civil, industrial, and commercial life. Only to the extent that such powers are actually put to use does the "emergency" make itself felt. You can accept as a certainty, for example, that an attempt will be made to coordinate all forms of transportation, but when? That will depend on intermediate circumstances.

• **More Power Needed**—Sweeping as a full mobilization of existing war powers would be, the President after his declaration obviously felt that one important loophole remained to be plugged. That's why the Administration, acting through

the War Department but with the full support of the Navy and the OPM, this week asked Congress for unlimited authority to requisition private property, real or personal. Despite some Republican expressions of alarm, there was a general awareness that no immediate or broad-scale exercise of the new powers was contemplated. It was accepted that the request for the new legislation was motivated simply by the government's desire to be prepared to meet any emergency, swiftly and without threat of challenge, whenever it might arise.

What that "emergency" might be is anybody's guess, but one common guess is that it might be a strike that could be most expeditiously settled by taking federal control of the affected plant or industry under the bill's broad powers to "take over, either temporarily or permanently, property of any kind or character . . . tangible or intangible . . . which is adaptable for use directly or indirectly in any way for national defense."

• **Paying for Property**—Compensation in the event of such acquisition is to be

determined by the President, and if the person entitled to payment considers the amount inadequate, he may sue the United States, and pending settlement of his claim he will receive 75% of the President's proposed figure.

Since the enactment of the Selective Service Act with its "draft industry" section, the President has had the power to commandeer plants that refused to do business with the government; passage of the new bill will free him of any and all restrictions.

• **Oil Czar Again**—The President's appointment of Secretary Ickes as "petroleum coordinator," following immediately the declaration of the full emergency, was widely hailed as indicative of the way in which Roosevelt intended to use his "new" powers. Actually, the two events were related in time but not in substance. Secretary Ickes' appointment was dictated partly by old politics and partly by new necessities, and could have been made at any time since the limited emergency was declared Sept. 8, 1939.

The old politics trace back to the days when Oil Administrator Ickes lost his czaristic powers with the death of NRA; ever since then he has wanted to get the industry back under his thumb. Right now, he stands to get more grief than glory from his conquest, for he, rather than the industry, will have to take the rap if the "new necessities," born of the diversion of 50 oil tankers



## FLYING VISIT

The joint decision of Washington and London that "Hitler must be stopped," whatever the cost, is responsible for the hurried visit to the United States of our ambassador to Great Britain, John Winant (right) and his special adviser Benjamin Cohen. The

purpose of Winant's discussions here is to provide the President with last-minute information from the British cabinet, and provide Harry Hopkins, lease-lend director, with a list of minimum supplies that Great Britain wants quickly so she can meet the super-bomb which the Reich is expected to launch in the next few weeks.

to Britain (BW—May 31 '41, p18), results in gasolineless Sundays on the Atlantic seaboard, where the shortage is likely to be most acute.

• **Easing the Pinch**—This week it was apparent that the oil men were ready to take steps to save Mr. Ickes and themselves all possible embarrassment. Their proposal: to cooperate in building a pipeline from oil fields in the Gulf states area to the Northeast or in building 35 tankers, provided they are guaranteed immunity from antitrust prosecution. Paving the way for such an agreement was Attorney General Jackson's suggestion last weekend that pending antitrust actions against the oil men might soon be resolved in consent decrees.

• **More Work for OPM**—When Knudsen was asked some weeks ago what he'd do if the President declared a full emergency, he replied:

"Nothing you could put your finger on. I'd probably come to work at the same time—just go home a little later."

This homely observation is, of course, an understatement. OPM's job is getting tougher day by day as practically every step in defense production now dislodges production for civilian consumption. The essence of the job resides in the extension and effective application of priorities as British requirements, in the first instance, and the demands of the over-all \$36,000,000,000 program must be served.

Ample authority to subordinate civilian needs is embodied in the Vinson priorities bill signed by the President on Monday. Industry must produce first what the government wants either for itself, for lend-lease or for civilian needs which rate as important as or more important than the war output.

• **Hopkins Runs the Show**—Between the production-priorities job and the President's confident assertion that the job will be done—and the goods delivered—there must be an administrative group to convert the statement of objectives into instructions to OPM—a group that balances Army-Navy and British needs and also looks beyond the job in the works to what will be tomorrow's job. Living with the President, Harry Hopkins has this spark-plugging job. His present staff is small and intensely active, but because it is working under high pressure, it is still weak on advance-planning.

The nucleus of Hopkins' staff is formed by Major General James H. Burns, an expert on ordnance and a member of the Army and Navy Munitions Board; Oscar S. Cox, a Yale lawyer and Maine Democrat who is credited with drafting the lend-lease act; and Philip Young, son of Owen D., and an M.B.A. from Harvard Business School. Young was a member of the informal committee appointed last July to represent this government in its contacts

with the British and other democracies in connection with purchase of war materials. Gen. Burns also was a member of this committee. Both Cox and Young were lifted out of the Treasury Department to staff Hopkins' office.

## Defense Checkoff

Treasury is counting on company payroll-deduction plans to spur bond sales. Idea tested by several firms.

To build up the sale of defense savings bonds, the Treasury is banking on the checkoff system. Several companies already have inaugurated payroll-deduction plans with employees going along on a voluntary basis. Among them are American Telephone & Telegraph, Armour, Bowery Savings Bank, General Electric, International Harvester, Kraft Cheese, Lever Brothers, Metropolitan Life, New York Life, Riggs National Bank of Washington, Standard Oil of New Jersey, U. S. Rubber.

Experience is expected to pave the way to more general adoption of such systems. More pressure salesmanship undoubtedly will be applied. Repeated official statements that no compulsion will be resorted to merely mean that no legal compulsion is contemplated.

• **Better Salesmanship**—Stress on the voluntary nature of the sales campaign is based on the conviction that this approach is actually better salesmanship than some of the more hardboiled tactics employed in the last war.

Treasury officials greatly desire the cooperation of organized labor in payroll-deduction plans. Union leaders so far contacted for this purpose have been very sympathetic but "at the moment seem to be otherwise occupied." In an attempt to arouse the active interest of unions, James L. Houghteling, former Commissioner of Immigration, was recently appointed assistant to Secretary of the Treasury Morgenthau.

• **About As Expected**—To say that the bond sale campaign which began May 1 is a complete flop is not a fact. The campaign went about as well during the first month as realistic Treasury officials expected. They did not believe that the hoopla on the radio would suddenly sell any substantial amount of the \$25-\$100 series E bonds offered for small investors to yield 2.90% if held for 10 years.

Officials realized fully from the beginning, notwithstanding some of their inspirational public utterances, that only fairly high pressure methods would stimulate increased saving by the working and middle classes. An announced objective of reducing purchasing power doesn't register very well with folks whose pay envelopes are growing fat



Last week William Green, president of the American Federation of Labor, gave President Roosevelt the original oil painting from which posters—proclaiming "A.F. of L. 100% for Defense"—are being reproduced for distribution to local unions throughout the country. Treasury officials wish that organized labor would come through with some of that 100% spirit and cooperate in payroll-deduction plans for selling defense bonds.

after many lean years. Inflation or no, they are enjoying the sensation of spending a few sawbucks.

• **Campaign Results**—During the first 24 days of the campaign, the Treasury sold \$91,751,000 of Series E bonds, \$218,884,000 of Series G, and \$37,226,000 of Series F. The Series G bonds, carrying a 2½% coupon, are offered primarily for large investors and trust funds and may be purchased by any person or trust up to the amount of \$50,000 in any one year. Sales of the G issue are likely to absorb idle deposits of individuals in commercial banks rather than genuine current savings.

After the first two or three months, sale of G bonds is likely to decline until next May when persons now purchasing the maximum will be permitted to purchase another \$50,000.

• **Series F**—The Series F issue apparently has not aroused any great interest. Like the Series G, these F bonds may be bought in amounts up to \$50,000 annually. However, they are bought at a discount and do not pay semi-annual interest as do the G's.

Most large investors, judged by present indications, would rather have the regular 2½% semi-annual income provided by the G's than take a similar return on bonds bought at 74% of par and paid off at par 12 years later (which amounts to a 2.53% return, compounded semi-annually, if the F's are held to maturity).

# Steel Priorities

**OPM tightens controls as Dunn report narrows the steel margin. Makers stretch output. Some question new estimates.**

To the general public, the idea of business as usual has taken another stiff jolt from the announcement that steel of all types is being placed under priorities control by the Office of Production Management. That news followed closely on President Roosevelt's revelation that the second Gano Dunn report on steel capacity had drastically revised the OPM steel consultant's earlier conclusions (BW—Mar. 8 '41, p15) and indicated a 1,400,000-ton shortage of steel in 1941, a probable deficit of 6,400,000 tons in 1942.

• **OPM Assumes Responsibility**—Actually the placing of steel under priorities doesn't mean an immediate strict rationing of supplies among non-defense users or, for the present, do much more than give formal OPM support to the existing application of voluntary preferences by the steel companies themselves. But the way has been prepared for any special controls needed, and steel customers have been told that if they have difficulty in placing orders or getting deliveries they may apply to OPM's Priorities Division for help. In such cases, a sworn statement on requirements filed with OPM will bring action based on the Priorities Division's estimate of the user's necessities for defense or important non-defense production.

The government's formal backing for their system of voluntary priorities should be helpful in a job which the steel companies have found increasingly irksome in recent weeks. Besieged on all sides by manufacturers clamoring for deliveries, they have been finding it more and more difficult to distinguish between defense and non-defense orders, and to determine the relative urgency of defense orders. In some cases, pressure from large customers of long standing for steel to be used in non-defense work has not been successfully resisted. Railroad men have complained that automobile makers, for example, have been getting all the steel they needed to make passenger cars, while some freight-car makers have been forced to suspend production on vitally-needed equipment because of the lack of steel.

• **To Stretch the Supply**—Fully cognizant of its problem, the steel industry has been making every effort to obtain maximum effective use of its facilities. The Iron and Steel Industry Defense Committee, on which all steel companies are represented, is working with OPM on the reallocation of existing orders, and the allocation of new orders,

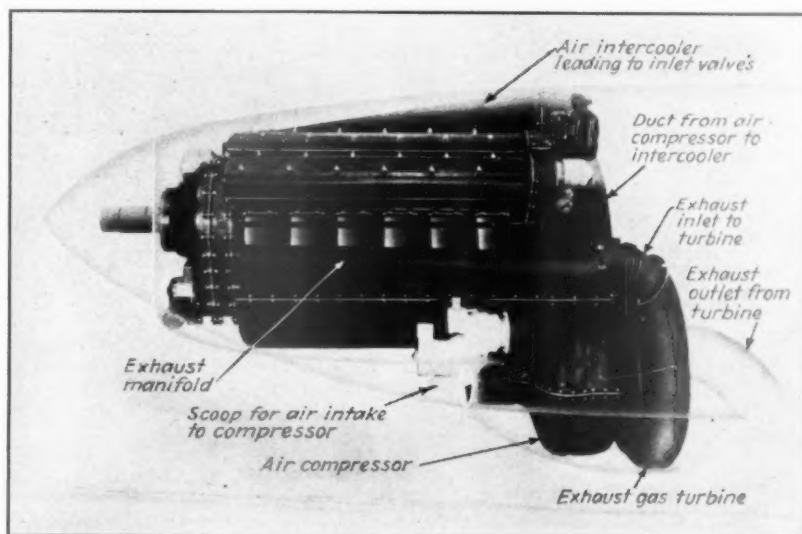
by companies to secure the most even loading possible of business. Efforts are being pushed to substitute Bessemer steels for open-hearth grades, wherever possible, to get more use of the Bessemer steel-making facilities. The latter operated at less than 75% of capacity in the last four months of this year.

A much shortened list of standard specifications for carbon and alloy steels, and for pig iron, has been adopted, and consumers are being urged to specify from this list, thus enabling mills to

speed up production by concentrating on fewer items.

Through these efforts, and others if necessary, the steel makers hope soon to raise their production to the theoretical maximum. On their success will depend in good measure the extent to which steel is rationed for civilian use.

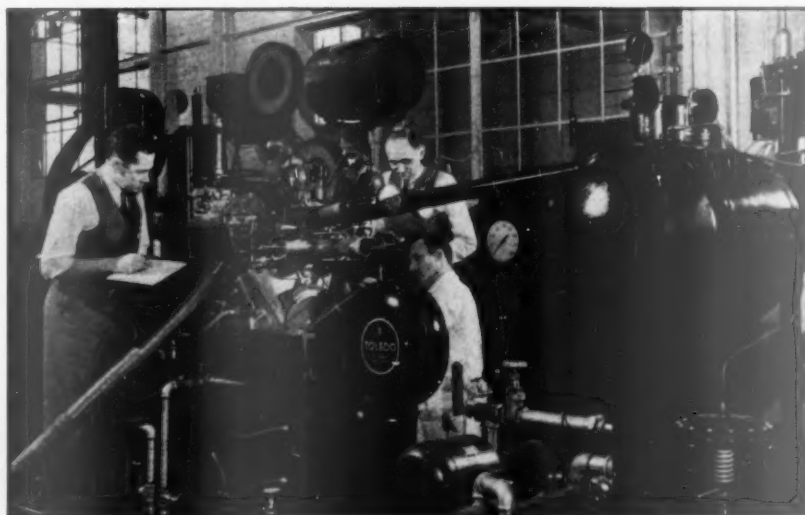
• **Growing Defense Load**—The defense burden on the industry has been growing steadily. The second Dunn report indicates the rapidity with which estimated needs have risen in the recent



## FORD'S V-12

Although British liquid-cooled aircraft engines are soon to be produced in the United States the only American engine of this type has been General Motors' Allison. Now Ford is getting ready to move into the field with the 12-cylinder engine he has been developing since June, 1940. Several advantages are cited for the Ford engine: It is lightweight—a factor that's al-

ways a stumbling block in a liquid-cooled engine; it has a higher power output (1,500 hp. to 1,800 hp. at high altitudes) than other liquid-cooled engines of its size and weight; and it is easy to manufacture, so it can be turned out by real mass-production methods. Above, a mock-up of the engine. Below, a two-cylinder unit tested by Ford engineers to furnish data on the subsequent performance of the completed 12-cylinder engine.





past. Claiming that the lease-lend act and other changes in national policy had altered the outlook since his first report in late February, Mr. Dunn now estimates combined military, export, and civilian steel requirements at 89,000,000 tons in 1941, 97,500,000 tons in 1942. In the first report they had been put at 77,500,000 and 89,000,000 tons, respectively. To meet these needs, the industry's reliable capacity this year is placed at 87,600,000 tons; by next year it is expected to be up to 91,100,000 tons.

Further curtailment of civilian steel use, which has already begun with a 20% cut scheduled in 1942 model automobile production, thus becomes inevitable. Differing with those who have argued for a broad-scale expansion of steel capacity, Mr. Dunn claims that this would be no solution to the immediate problem. To build another 10,000,000 tons of steel capacity, he says, would require at least two years, and would in itself consume over 4,000,000 tons of steel already vitally needed.

• **Left for Civilian Use**—The cut in civilian steel use, the Dunn report indicates, need not be drastic. Estimating military and export requirements at 20,900,000 tons in 1941 and 24,100,000 tons in 1942, there would be 66,700,000

tons of capacity available for civilian needs this year and 67,000,000 tons next year. And the report holds that, even if unrestricted, civilian consumption would probably not be much, if any, more than 68,100,000 tons in 1941 and 73,400,000 tons in 1942, against actual consumption of 55,300,000 in 1940.

Some observers, recalling the rapidity with which estimates of military requirements have been scaled up in the past three months, suggested that the current estimates may again prove far too low. In fact, some steel industry spokesmen have been talking in terms of a probable total of 30,000,000 tons a year for military and export needs.

It is obvious, too, the steel industry has been encountering difficulty in raising output to the estimated reliable maximum. Hampered in April by the coal strike, production in the first four months of this year was 27,056,000 tons, or at an annual rate of some 81,000,000 tons. Even if output attained the indicated maximum during the last eight months, this would leave the year's production something short of 86,000,000 tons. And that indicates a 1941 steel deficit of at least 3,000,000 tons, rather than one of 1,400,000 tons as calculated in the Dunn report.

## Eating As Usual

That's what nutrition conference recommendations boil down to. Natural foods will be preferred to "enriched" ones.

The American people may have a faith in the well-publicized vitamins which amounts to a religion, but the problem of improving national health—and national defense—through proper diet isn't going to be dealt with by hopping up common food products with vitamins, minerals, proteins, or other missing nutrients. Instead, it's going to be tackled by the less spectacular but more realistic means of selling America a better-balanced, natural-food diet, and of attempting to provide more food for underprivileged people by providing them with more buying power—by raising income, by improving the efficiency of food marketing and by resort to the blue-stamp plan for an expanded distribution of surplus foodstuffs (BW—Feb. 1'41, p29).

• **Conflict of Forces**—Such was the outlook at the conclusion of the President's



### CIVIC IMPROVEMENT

Fire-eating Maury Maverick was defeated last month in a close runoff election when he sought re-election as mayor of San Antonio, Tex., but the ex-mayor and ex-New Deal congressman has at least one satisfaction. He was in at the finish, earlier this spring, of one of the most significant civic improvements which any American city can boast—an improvement with important business implications.

Streams running through the business sections of American cities too often degenerate into open sewers, their banks fringed by garbage dumps. The San Antonio River, which Indians used to call by a name that meant "Drunken - Old - Pale - Face - Going - Home-at-Night," lived up to that disreputable description so well that local business men proposed filling in the channel and burying it. But Jack White, a hotel man, led a campaign that ended in the beautification of 21



downtown blocks, giving San Antonio an attractive parked waterway.

Total cost was \$422,900, of which \$82,700 was raised by a bond issue on near-by property; the rest was WPA. One of its features is the Arneson River Theater (above, left), with seats on one bank, a stage on the other. The view toward the St. Mary's St. bridge (right) shows how even the overflow from a cooling system is used to advantage. Instead of being poured into the river, it's turned into a cascade.

"Unforeseen events . . . need not change and shape the course of man's affairs"



## BAD LUCK CAN'T BE DATED

Friday, June 13th, is proverbially the day to be on the lookout for bad luck. In that misconception lies the great danger. *For bad luck cannot be dated.* It is constantly at work . . . 365 days a year.

Daily it makes the rounds . . . to seek out its victims at work as well as at play . . . in the home as well as the office or factory, or while motoring.

Professional and business men and women are no more immune than the butcher boy. One person

out of every 30 will suffer injury, this year alone.

How much less anxiety follows when there is a Maryland accident policy . . . to meet the doctor's fee . . . to pay hospital bills . . . to provide cash for other needs.

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National Defense Nutrition Conference in Washington last week. As a matter of fact, such had been the outlook before the conference convened, because the conflict of opinion between the various groups represented at the meeting—doctors, nutritionists, social service workers, food and drug manufacturers, agriculturalists, consumer spokesmen, and home economists—was considered a sure brake on the adoption of any radical program (BW—May 24 '41, p. 25). Such was the middle-of-the-road temper of the conference that dark suggestions of a day when the government would tell farmers what they could raise and packers what they could pack didn't even intrude themselves on the agenda. It was obvious from the attitude of Federal Security Administrator Paul McNutt and other government officials who ran the show that education rather than regulation or regimentation was the order of the day.

Concerning the proposal for needling vitamins and other nutrients into the nation's food supply the conference did officially recommend "the enrichment of certain staple food products, such as flour and bread, with nutritive elements that have been removed from them by modern milling and refining processes," but it cautiously added that this method "should be used with discretion and only on the basis of findings by medical and nutritional experts."

• **Findings Tentative**—Just how sketchy and subject-to-change those "findings by medical and nutritional experts" are today was indicated in the report of the Food and Nutrition Committee of the National Research Council which recommended standard individual, daily allowances for dietary essentials—calcium, iron, protein, calories, and vitamins A through D. The recommended standards were considerably higher than the minimum standards which the Food & Drug Administration proposed recently in connection with regulations governing the labeling of dietary products, but the committee pointed out that its standards could only be considered tentative in view of insufficient experimental evidence and incomplete and conflicting reports on animal and clinical research.

The Research Council committee's standards were not only higher than FDA's proposed minimums but they were decidedly more detailed. For example, FDA set 4,000 units of vitamin A as the minimum requirement for persons over 12 years of age, while the committee recognized the varying needs, ranging from 5,000 to 8,000 units of vitamin A, of a full half-dozen different classifications of adults. The committee's standards are expressed in technical terms—calories, grams, milligrams, and international units—and the conference urged the "translation of these allowances . . . into terms of everyday foods and appetizing meals suitable for fami-

lies and individuals at different economic levels."

• **Enriched Flour Gets O.K.**—While proposals for enriching or fortifying foods with vitamins were given a generally cold shoulder and a program of more food and more natural foods was plugged, the new "enriched" flour and bread got a big sendoff the second day of the conference. On that day, officially designated as "V-Day" by the American bakers, the new FDA regulations governing the synthetic enrichment of the products by adding thiamin, riboflavin, and nicotinic acid, and minerals became officially effective. While some nutrition purists argued that whole wheat bread and flour were still better than the fortified products, realists faced the fact that the majority of us won't eat anything but white bread, and they were consequently ready to admit that flour and bread afforded one of the few instances in which vitamin-fortification might be desirable.

Margarin was another product on which conferees seemed agreed that synthetic enrichment might be acceptably employed, and the producers who have already launched a margarin so enriched got a general O.K. Other items that may be next admitted to the charmed circle of approval include dairy products—chiefly dried skim milk—and the lowly legumes, soybeans and peanuts.

• **Await Sugar Study**—Sugar has often been mentioned as eligible for fortification, but action on this will be delayed until completion of the National Research Council's Food Committee study on the desirability of adding the vitamin-B complex—scheduled to come out in about a year. No serious discussion was heard of the proposal to mix sugar and dried skim milk to make an ideal all-purpose food. All such short-cuts to national health were given the go-by.

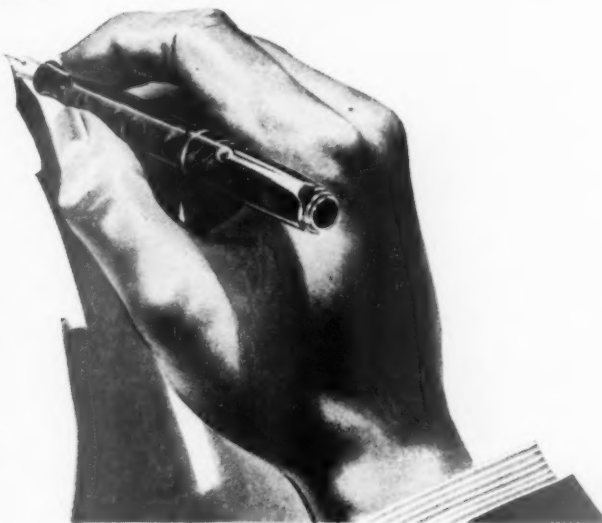
Throughout the sessions, it was evident that nutritionists and the medical fraternity were more than a little dismayed by the present vitamin craze, that they were using the meeting in such ways as they could to put the brakes on a rush by the drug and food industries to cash in on vitamin popularity.

• **Double Warning**—At the beginning of the conference, Administrator McNutt criticized food advertisers for directing their marketing appeal to the 30% of the population that has plenty of money instead of catering to the lower-income levels. "But," he went on, "I want none of the consumer educators present to grow smug and self-righteous because I have suggested there is a mote in the eye of some food distributors. I suggest that the experts . . . have forgotten a point the advertisers remember, . . . that eating ought to be fun. Something frequently happens to good food when its selection is distilled through the coils of an expert."



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3. Diversification of investments
4. Geographic distribution



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In San Diego, Calif., the Public Buildings Administration is completing a 3,000-unit defense housing project—

one and two-family dwellings designed for industrial workers (and families) employed at the local aircraft plant.

## Housing Speedup

**Defense agencies are now putting new dwellings, civilian and military, under construction at rate of 2,000 a week.**

On June 28, 1940, Congress passed the Navy Appropriations Act, which contained a clause transforming the United States Housing Authority into a defense agency. Thus, what had previously been a New Deal social program for improved living conditions for slum-dwellers became a program of housing military and civilian defense workers.

Now, eleven months after passage of the appropriation act, the government has some 13,000 completed family-dwelling units, an estimated 67,000 more under construction, and nearly 100,000 allocated—the result of the efforts of 12 separate agencies, including the Army and Navy. In spite of the administrative tangle created by the number and varying capabilities of agencies in the field, permanent houses in the name of defense are going into construction at the rate of 2,000 per week. Compared to the public-housing record of the last war, the present effort is definitely on the credit side of the ledger. Prior to the Armistice in 1918, not one government-financed family dwelling had been completed.

• **The Legislation**—Following the conversion of USHA into a defense agency, Congress on Sept. 9 gave the President a supplemental defense appropriation of \$100,000,000, to be divided between the Army and the Navy, and specifically earmarked for housing. Charles F. Palmer of Atlanta was appointed Coordinator of the National Defense Advisory Commission's Office of Defense Housing in August. But the basic legis-

lative pattern for the defense housing program didn't come until passage on Oct. 15 of the Lanham Act, which designated the Federal Works Agency as the top administrative holding company, and gave FWA \$140,000,000 to be allocated to its various subsidiaries. • **Money Available**—Until the passage in May this year of the second Lanham Act appropriation, which added another \$150,000,000 to the FWA kitty, the money available for defense housing and the agencies handling it stacked up as follows:

USHA from its slum clearance fund had \$32,330,987 immediately available for defense construction. From the supplemental defense appropriation, the Navy had approximately \$51,000,000 with which it could immediately begin building houses for its enlisted personnel and civilian workers. Biggest slice of all was FWA's \$140,000,000 Lanham

Act fund, to which was added the Army's \$49,000,000 share of the supplemental appropriation. Already burdened with the cantonment program, the Army delegated its housing responsibilities to FWA, which in turn allocated construction to the Public Buildings Administration.

The Lanham Act also set aside \$10,000,000 for the RFC's Defense Homes Corporation, established to provide quick equity money for projects where private capital hesitated to venture.

• **PBA**—The largest part of the funds made available by the Lanham Act is being spent by the Public Buildings Administration which, prior to the defense emergency, had never built a dwelling. All told, PBA has been allotted construction of 27,565 family-dwelling units, of which 21,845 have been placed under construction contracts, and some 1,500 have been completed. The biggest PBA project is the 3,000-unit community now nearing completion near San Diego. Cost of this community is estimated at \$9,100,000, plus a fixed fee of \$300,000 to two Los Angeles firms, MacNeil Construction Co., and Zoss Construction Co. Average spread between allocation to PBA and ground breaking on the projects has been about two months and 24 days. Some projects have been moved from design (by a central staff in Washington) through land acquisition (by condemnation) and contract letting stages in as little as 16 days, while others have dragged on as long as five months.

• **USHA**—Second largest chunk of the Lanham Act funds is being spent by United States Housing Authority, which is also engaged in a \$25,000,000 defense housing program with its own funds. In order to keep the progress records straight, it should be noted that USHA's



At Ayer, Mass., the Public Buildings Administration's defense housing project is for the occupancy of the mar-

ried enlisted personnel stationed at Fort Devens, consists of 300 homes grouped into 126 multiple dwellings.

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comparatively high rate of completion owes much to the head start it received over other agencies, and to the fact that USHA's original defense enabling legislation provided that it could take over slum-clearance projects then planned, in construction, or completed.

So far, USHA has received allocations for 21,694 family dwelling units, of which 17,269 have been moved into the construction contract stage and 4,377 are ready for occupancy. The figure for completed dwellings includes 2,006 units converted from regular USHA projects for defense purposes. The average period between project-approval date and ground-breaking on USHA defense housing has been about three months, but a comparison of this time with PBA's performance is inconclusive because of the difference in procedure. USHA works through local housing authorities, which employ local architects and local competitive bidding contractors. PBA, on the other hand, has a centralized design staff and negotiates contracts on a fixed-fee basis.

• **Navy**—With the funds provided last September by the supplemental defense appropriation, the Navy immediately set to work building houses for its enlisted personnel and civilian workers. Almost all the funds were under contract by the end of January, and 4,640 family units had been completed by May 17, and 17,080 more out of 17,600 allocated were on the way.

Approximately 27% of the Navy's entire housing program is made up of prefabricated units. Not being burdened by a cantonment program, the Navy could tackle the job itself and, since most of the projects were to be built on Navy-owned land, there were no purchase and condemnation delays. By the end of July, after 11 months of work, the Navy expects to get out of the housing business with some 17,000 dwelling units ready for occupancy. Future Navy housing will probably be handled through FWA.

• **Other Agencies**—In addition to the large-scale projects being handled by PBA, USHA, and the Navy, FWA Administrator Carmody has delegated several jobs to other agencies which qualified for the work because of past experience or special local situations. The Farm Security Administration, which had previously built farm houses and migratory labor camps for the government, has been allocated four projects with 1,350 family-dwelling units.

So far, only one of the four, that located near the Radford (Va.) powder plant, has gone into construction. FSA is also handling most of the stop-gap trailer and dormitory projects.

• **Temporary Jobs**—So far, 2,035 family trailer units and 3,201 dormitory units for single men have been contracted for by FSA out of a \$5,000,000 temporary housing fund made available by the

## HOW DEFENSE HOUSING IS GOING AHEAD

Week Ending: 1940	Number of Units Allocated	Number under Contract	Number Completed
Aug. 1...	1,460	624	....
Aug. 15...	5,059	624	....
Sept. 1...	7,385	1,786	....
Sept. 15...	8,043	1,883	....
Oct. 1...	34,694	4,783	....
Oct. 15...	34,694	10,080	....
Nov. 1...	38,944	15,252	....
Nov. 15...	38,944	17,386	....
Dec. 1...	45,739	20,651	....
Dec. 15...	45,739	24,436	....
1941			
Jan. 1...	46,311	28,527	605
Jan. 15...	49,706	29,462	687
Feb. 1...	54,083	34,791	1,314
Feb. 15...	68,632	36,936	1,932
Mar. 1...	72,251	38,740	2,515
Mar. 15...	72,335	40,957	3,879
Apr. 1...	72,803	45,157	5,424
Apr. 15...	72,953	51,915	8,097
May 1...	87,260	58,542	9,604
May 15...	87,260	61,480	10,657
June 1...	99,000*	67,000*	13,000*

\* Estimated.

President in March. Another \$15,000,000 for temporary housing has been made available.

FWA Administrator Carmody has singled out three local housing authorities—in Cincinnati, Akron, and Washington, D. C.—to handle construction of 850 family units, and the Tennessee Valley Authority, because of its experience in building homes for TVA workmen, has been designated construction agency for 350 units in Alabama.

• **FWA**—In addition to the job of allocating construction to its various component agencies, FWA is quietly building up its own housing organization, known as the Division of Defense Housing in the Office of the Federal Works Administrator. The new agency has been assigned 20 of the nearly 200 defense jobs so far approved. The projects are big ones, however, and nearly one-quarter of the dwelling units so far allocated are under its control.

• **Mortgage Insurance**—In the last analysis, the government's greatest single contribution to defense housing promises to be through the Federal Housing Administration's mortgage insurance activities. An estimated 85% of the 160,000 new small homes which have been built under the FHA program since last July are located in the vicinity of defense activities. Typical of the increase in FHA-approved construction are the Hartford area, where construction since last July is up 167% over the preceding year; Philadelphia, where the increase is 43%; and Richmond, which includes the Norfolk shipbuilding area, where the expansion has been 65%. Currently, the volume of new construc-

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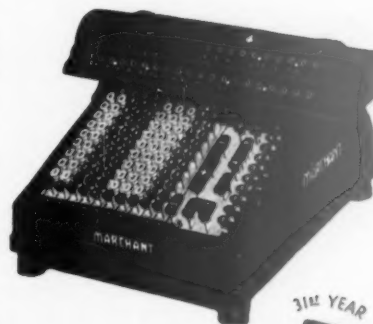


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In aircraft factories as in all other defense industries, Marchant calculators are meeting every emergency in figure-work. No slow-downs! No bottle-necks! Marchant is always instantly ready to do any and every figure job—and do it easiest and fastest.

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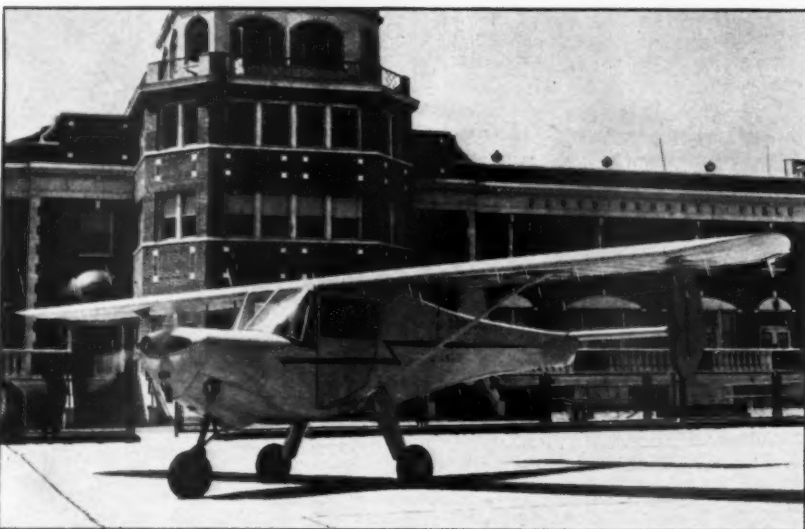
Sales Agencies and Manufacturer's Service Stations in All Principal Cities Give Service Everywhere

tion under FHA inspection is around 5,000 houses a week. In the week ending May 24, a total of 8,008 new-home applications was selected for appraisal.

● **Act Amended**—FHA's participation in the defense program has been broadened by the recent amendment to the National Housing Act, Title VI, which authorizes the insurance of mortgages of up to 90% of FHA valuation of new properties in specified national-defense areas, and where the builder is the mortgagor.

A total of 2,101 applications under the new program of defense housing insurance was selected during the week ending May 10. FHA expects that the \$100,000,000 mortgage insurance capacity created by the new title will be used up by the end of July.

All the housing agencies will be represented at a "national housing inventory" conference in Washington, June 11-12, billed under auspices of the National Committee on the Housing Emergency.



## Highs for Cheese

**Lease-land purchases for Britain spur production and send prices to new levels. Other dairy products are affected.**

For a quick, rough idea of how lease-land purchases are affecting some food markets, you might look at cheese. Last week cheddar daisies—which are just plain American cheese—sold on the Plymouth, Wis., exchange at 18½¢ per lb., as against 13½¢ a year ago. November futures, which hit an all-time record high of 21½¢ on May 13, 1941, have quietly held this level ever since. These prices reflect government buying, even though Federal Surplus Commodities Corp. never buys cheese on an exchange but only on direct offers of producers.

A newspaper story about Wisconsin

cheese purchases by the government stirred up a good deal of excitement in the trade last week until Chicago Mercantile Exchange statisticians ran it down and exploded it as a misinterpretation of federal figures. The story had last week's federal purchases of Wisconsin cheese totaling 568 cars. The tariff minimum is 22,000 lb. per car, so this would have meant at least 12,500,000 lb.

● **What Lease-Lend Takes**—Actually, since it began early last spring, lease-land buying has taken approximately 18,000,000 lb. of Wisconsin cheese—67% of the 27,000,000 lb. that have been bought in the entire U.S. The reason so large a share came from a single state is that Wisconsin produces over half of all U.S. cheese, as a result, has a huge exportable surplus.

Government plans, as announced earlier, call for the purchase by June, 1942, of 250,000,000 lb. of cheese for Britain. By the end of last month, therefore, actual purchases aggregated barely more than 10% of the quota. Total U.S. production of all kinds of cheese in 1939 was 560,000,000 lb. Thus, exports to Britain are intended to take 44% of that cheese crop.

● **Rising Production**—In terms of current production, the percentage is not quite so spectacular. Cheese production in each successive month of 1940 except May, and on through the first four months of 1941, broke all previous records for the same months. Higher prices have stimulated greater output at the factories. This has in turn induced farmers to feed their herds liberally. There are 3% more dairy cows today than a year ago.

Aggregate effect of all these plus factors is that the Department of Agriculture estimates cheddar production for April, 1941, at 48% over the 1930-39 average. This estimate sets production of cheddar at 11½%, and of all cheeses at 10%, above April, 1940.

● **Other Dairy Items**—The same factors have operated to increase production of other dairy products, and to boost their prices. Output of evaporated milk has been sent high above normal. January-through-April production this year was 34% above the 1935-39 average. Despite this record production, manufacturers' stocks were the lowest for any May 1 since 1936. April prices reached \$3.04 per case of 48 cans of 14½ oz. each, compared with \$2.82 for April, 1940. On the day before Memorial Day, FSCC purchased 17,000,000 lb., bringing its total purchases since Mar. 15 to 129,000,000 lb.

On the same day, butter futures hit a new 11-year high of 36½¢ per lb. May eggs closed out at a 12-year high of 25.30¢ per doz., and October eggs (refrigerator delivery) went to a six-year peak of 27.20¢ per doz. on the Chicago Mercantile Exchange.

## NO SPIN, NO SLIP, NO SKID

Latest thing in flivver planes is the Skyfarer, built by General Aircraft Co., South Lowell, Mass., and touted as being so foolproof that any automobile driver can solo it safely in two hours. A two-place monoplane, powered by a 75-h.p. Lycoming engine, it has a tricycle landing gear, fixed fins instead of a rudder. The control is a steering wheel like that in an auto, and a foot brake. A special "air-brake" wing flap enables the plane to make very short landings. It's the second plane ever built which the Civil Aeronautics Authority has certified as being incapable of spinning. The other one is Engineering Corporation's Er-coupe (BW—Jun. 8'40, p45).



# MORE PULLING POWER



**Chevrolet trucks with "Load-Master" engine bring you more pulling power . . . also more economy . . . when you consider all factors of purchase price, gas, oil, upkeep!**

★TWO NEW VALVE-IN-HEAD ENGINES . . . STANDARD: 174 FOOT-POUNDS OF TORQUE—90 HORSEPOWER . . . "LOAD-MASTER": 192 FOOT-POUNDS OF TORQUE—93 HORSEPOWER (optional on Heavy Duty models at extra cost) ★ NEW RECIRCULATING BALL-BEARING STEERING GEAR ★ NEW, MORE COMFORTABLE DRIVER'S COMPARTMENT ★ 60 Models—Nine Wheelbases

CHEVROLET MOTOR DIVISION  
General Motors Sales Corporation, DETROIT, MICH.

OUT-PULL • OUT-VALUE • OUT-SELL

Today—when there are *big jobs* to do and *big loads* to haul—it is more necessary than ever before to have trucks that deliver maximum pulling power at minimum cost.

Chevrolet trucks for '41 meet these demands to the fullest degree.

These big, husky Chevrolets, with "Load-Master" valve-in-head engine, have *more pulling power* than any other trucks in the lowest-price field.

They deliver this higher power at *rock-bottom cost* because Chevrolet's sturdy six-cylinder valve-in-head power plant wrings more energy

out of every gallon of fuel.

And they have a remarkable capacity for *staying on the job*, day after day and month after month over a long period, with a minimum expenditure of time or money for maintenance or repair.

Chevrolet trucks *have* to possess these superior abilities, because truck operators, large and small, have made them *the biggest-selling trucks in America*, and you know experienced truck buyers "pay off" only on results.

See or phone your nearest Chevrolet dealer for a demonstration—*today!*

# CHEVROLET TRUCKS

# Rationing Copper

Defense allocations will be directed by Stettinius while flow of metal to civilian use will be regulated by Henderson.

Rationing of copper for civilian purposes—that's the highlight of last week end's order broadening and making more specific the federal government's control over the red metal.

There will be a general system of priorities. There will be a pool built up to meet emergency demands. The priorities division of OPM will direct defense allocations of copper, and Leon Henderson's OPACS will regulate the flow of metal into civilian channels. Any metal left over may be rationed by the copper refiners to their regular customers.

• **Zinc Pattern Followed**—Among the more important features of the plan is the setting up of the emergency pool along lines heretofore tested with moderate success in zinc. The copper refiners are to set aside from each month's production an amount equal to 20% of April output. Edward R. Stettinius, Jr., priorities director, will specify to whom metal from this pool shall be sold and he will also govern delivery dates.

After caring for the pool, copper refiners will parcel out supplies along lines familiar to all those now subject to priorities. Higher defense ratings will, of course, take precedence. Defense business not specifically rated will automatically be lumped in A-10, thus being placed ahead of nondefense business carrying ratings below A-10 or with no ratings at all. When it comes to rationing for civilian uses, Administrator Henderson indicates that he will be guided by the following considerations: He will cut off supplies destined for firms that have discriminated against government orders; will weigh the needs in civilian uses essential to the public welfare; will try to avoid visiting undue hardship on labor or business as a result of the new system of priorities; will make allowance for past copper consumption of individual users; will seek equitable distribution of supplies as between fabricators that are subsidiaries of producing companies and those that aren't; will in every case consider the availability of substitutes.

• **The Reasons Why**—These steps to govern copper stem from the long-standing pinch. First off, some doubts are expressed about the United States' ability to get as much as 500,000 tons from Latin America this year to supplement domestic production of about 1,100,000 tons. And estimates of consumptive needs now have been boosted to prodigious heights somewhat above 1,800,000 tons, so presumably we can't meet full military and civilian needs even if

we get 500,000 tons from Latin America.

Loophole: Consumption of 1,800,000 tons would be about double the biggest year on record, and many in the trade

feel the figure is distorted by the persistent mad scramble of buyers. Maybe the squeeze will ease as the priorities program takes hold.

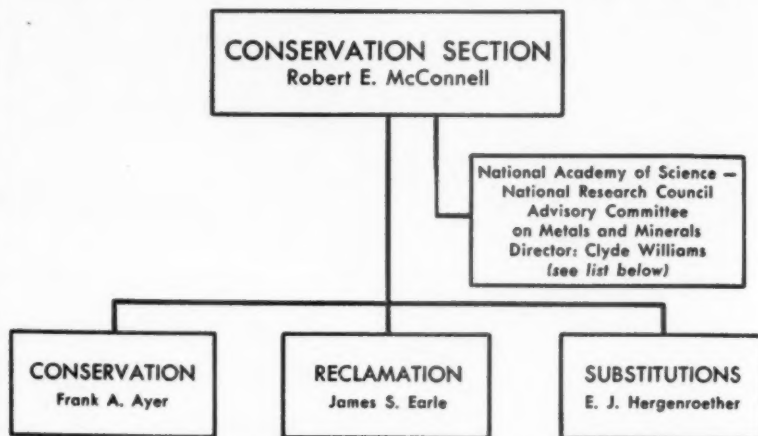
## Washington Supervises the Search For Industrial Substitutes

Two months ago the Office of Production Management created a special Conservation Section to handle the big job of helping industry find ways to save raw materials and locate substitutes for those which are being completely swallowed up by the defense program.

Last week Robert E. McConnell, head of the hard-pressed Conservation Section, split its functions into three divisions: one to study ways of

conserving metals, another to find methods of reclaiming waste materials, and a third to find substitutes for metals for which serious shortages have already developed.

At the same time he named leaders from industry who have consented to act as advisers to the National Academy of Science which will cooperate with the Conservation Section in the search for substitute materials. Here is the framework of the new setup:



And here are the men who have accepted the invitation of Clyde Williams to act on the Advisory Committee on Metals and Minerals:

### FERROUS MINERALS & FERROALLOYS GROUP

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Albert J. Phillips  
Am. Smelting & Refining Co.

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(In process of organization)

INDIANTOWN GAP. TRANSFORMED IN FIVE MONTHS INTO A MODERN MILITARY CAMP OF 1000 BUILDINGS TO ACCOMMODATE THE 22,000 SOLDIERS OF THE 28TH DIVISION



INDIANTOWN GAP MILITARY RESERVATION, Penna. (Partial View) ★ CONSULTING ENGINEERS: Gannet-Eastman & Fleming Co., Harrisburg, Pa.  
CONTRACTORS: W. F. Trimble & Sons Co., Pittsburgh, Pa., Ferguson & Edmondson Co., Pittsburgh, Pa., The Huffman-Wolfe Co., Columbus, Ohio  
READY MIX CONCRETE furnished by Pennsylvania Supply Co., Harrisburg, Pa.

## America shifts into HIGH

**Y**esterday it wasn't; today it is! Under the nation's urge to be strong again, army camps like Indiantown Gap are springing up almost overnight.

One factor of this speedy construction is Lehigh Early Strength Cement, for concrete made with it is ready for service 3 to 5 times quicker than concrete made with normal cement. Concrete walls and piers, poured at the Indiantown Gap res-

ervation one day, were ready for use the next.

Speed is a first consideration in defense projects; private construction often wants speed, too, if it doesn't cost too much. Lehigh Early Strength Cement effects speed . . . and outright economies. If you are planning to build, expand or modernize, be sure to look into the time-and-money savings that Lehigh Early Strength Cement

makes possible. The Lehigh Service Department will gladly answer any questions.

**LEHIGH PORTLAND CEMENT CO.**  
Allentown, Pa. Chicago, Ill. Spokane, Wash.

# Lehigh

## EARLY STRENGTH CEMENT



Pouring concrete for the 8" x 8" piers that support the barracks. Made with Lehigh Early Strength Cement.



Next day, thanks to the quick-curing Lehigh Early Strength Cement, piers are ready for next operation.



Some of the completed barracks, 400 in all, each now comfortably housing 63 soldiers.



## OFFICE RULE—KEEP COOL!



You can't expect efficiency with workers stewing in an office that's hot as a Turkish bath. Provide heat relief and keep pace with urgent schedules by installing R & M Fans. R & M builds all types and sizes, from 8-inch desk fans to towering air circulators . . . all *fully guaranteed* for service and economy by a famous maker of better fans for more than 40 years.



R & M DE LUXE

Quiet as a snowfall, guaranteed five years, and engineered for a lifetime of distinguished service, R & M De Luxe Fans are the quality buy for executive offices and key departments. The handsome 10-inch costs \$15.95; 12-inch, \$30.95; 16-inch, \$37.50. New R & M Banner Fans, also suitable for home or office, offer quality plus noteworthy economy, with prices starting at \$3.95.



R & M HEAVY DUTY

Spot a couple of R & M Heavy Duty Fans around the general office and watch the staff take on new life! Tough as these fans are on heat, they're easy on the meter. The 10-inch is priced at only \$12.95; a 12-inch at \$27.50; and a 16-inch at \$33.95. All carry a *five-year guarantee* and are known as the most economical fans built.



R & M AIR CIRCULATOR

R & M Air Circulators move masses of air, delivering refreshing breezes to every corner of large offices, stores and plants. Adapted for ceiling, bench or floor service; furnished in 20, 24, and 30-inch sizes, with air delivery from 5300 to 10,400 cubic feet per minute. Prices from \$40.00 up.



R & M EXHAUST

Drive out objectionable gases and odors as well as sticky heat with R & M Exhaust Fans in your plant, laboratory, restaurant, etc. Fully enclosed motors are protected against dust, grit, grease and fumes, and are skimpy on current costs. Furnished in sizes from 8 inches to 30 inches, with air delivery from 625 to 12,000 cubic feet per minute.

See your R & M fan dealer today for quick heat relief, or write for further information on the fans which interest you to ROBBINS & MYERS, Inc., Springfield, Ohio. *Founded 1878.*

[Prices and specifications subject to change without notice.]

**ROBBINS & MYERS Fans**  
ALL TYPES  ALL SIZES

## Army Laundries

Private industry largely reconciled to letting U. S. do own washing. Big trade pool functions in Massachusetts.

The commercial laundry industry, whatever its feelings may have been six months ago (BW—Jan. 18 '41, p. 34) is now for the most part quite willing to let the Army build and operate as many laundries as it wants. The industry, which is busier than it was at the beginning of the year, is pretty generally reconciled to the fact that there just isn't any money in business done at the Army's flat rate of \$1.50 per man per month (an exception being laundries with considerable idle equipment).

Government-owned laundries operated by civil service employees are now operating, or soon will be, at 37 Army stations. Less than half a dozen of the larger stations are being served by commercial laundries operating under pool agreements, but commercial laundries are getting virtually all the work from units of 5,000 men or less. Whether or not a government laundry is established at a given station depends on the facilities of nearby commercial laundries and their willingness to shave their prices to something near the Army figure.

• **Bay State Contract**—To Massachusetts Laundryowners Association goes credit for negotiating what is probably the largest laundry contract in history—certainly the largest in Army history. Defense Laundries & Dry Cleaners, Inc., a laundry pool functioning as a subsidiary of the state trade association, recently completed a deal whereby the laundry bundles of 53,000 trainees at Camp Devens and Camp Edwards are now being laundered at 50¢ a week per trainee. To prevent any doubling up in the use of laundry bags, each trainee is charged for laundry service unless specifically exempted.

Defense Laundries gives five-day service, does dry cleaning at piece prices. In each of the two camps, all laundry is taken to a central receiving station, where bundles are broken, marked, and assorted. Vans haul soiled clothing in bulk to a central distribution warehouse where trucks from participating laundries receive portions for processing. Final assembly and wrapping is done at receiving stations at the camps.

• **Operating at a Loss**—Insiders say that Defense Laundries is doing this work at a loss. Massachusetts laundryowners were eager to forestall establishment of laundries at Devens and Edwards because operating them would have drawn nearly 1,000 skilled workers away from commercial laundries in the state owing to the higher pay offered under civil

service. On the other hand, many laundries are afraid to touch government laundry contracts of any kind for fear of being automatically placed under federal wage laws.

At other Army stations where commercial laundries have contracts, the price per month varies from \$1.50 to \$2.75, but with definite limitations on the number of pieces per bundle. The industry hears tales of laundries being swamped by unexpected floods of soldier bundles, and of owners withdrawing from pools in disgust over the meagerness or absence of profits.

One comforting thought for the laundry industry is the reported statement from the Quartermaster Corps that when camp laundries are no longer needed they will be disposed of in an orderly manner. Conceivably, that means through established laundry machinery firms instead of through salvage dealers who set up many a cut-rate laundry business following the World War.

• **Standard Setups**—Three standard laundry designs have been approved to meet requirements of small, medium, and large camps. Average cost, equipment only, is \$220,000. Each type is theoretically large enough to handle all camp laundry in a single eight-hour shift, a fact that has aroused some criticism within the Army as well as in the laundry industry. Smaller plants designed for 24-hour operations would have cost only about half as much. Army officers responsible for the one-shift plants claim that increased efficiency in the large plants will pay out over a five-year term; that trouble would be experienced in obtaining both management and labor for night shifts, the supply of skilled workers near Army camps being limited.

Biggest of all Army laundries is the new \$750,000 project at Fort Bliss, Tex., which will be able to do a complete wash for 50,000 men.

Officers may patronize an Army laundry when it is not too busy with enlisted men's bundles, but officers don't get the flat-rate bargain; they pay by the piece at rates approximately the same as those that are charged by commercial laundries.

Navy laundries continue to be manned by enlisted personnel who want to learn the trade and, incidentally, draw extra pay. Officers and men pay for laundry service at piece rates which are reasonable. The only place for enlisted men in the Army's laundry scheme is in the new mobile laundry units which are now being tried out at Camp Lee (BW—Apr. 26 '41, p. 27).

• **Dry Cleaning**—The dry cleaning business is something else again. Since the new Army does not operate dry cleaning plants (except for reclamation purposes), every cleaning and pressing establishment within 10 miles of an Army station is now snowed under with O.D. slacks and blouses. The change to

## Half the Battle Won!

At the meeting this morning, no one will guess how far he has come. His voice steady, his answers sure, he will be in command of every situation because he is in command of himself. Only the habitual traveler on the 20th Century Limited knows how much of the morning battle was won the night before.



WHEN TOMORROW LOOMS IMPORTANT...

## take the Century tonight!

*Nerves relax, strain vanishes on your "Overnight Vacation" in the world's most restful train!*

Your sense of ease begins the instant you enter private accommodations. Outside your window may be sunlight or storm. It will make no difference in the enjoyment of your trip or the time of your arrival.

Relax in the spacious Observation Lounge or the leather-bound luxury of the Club Lounge. Soon dinner will be announced, a banquet fit for a king and royally served. Later this same smart diner will be transformed into a modern club—the Cafe Century—where

you enjoy music and refreshment.

Retire when you will. Tonight no ups and downs will mar the smooth serenity of your slumber. For you are speeding over the one and only Water Level Route, the smooth, mountainless roadbed from East to West.

In the morning, fit and eager, your step will be light as you descend. No need to tell you then, what far-sighted executives have long agreed: *it pays to ride the Century.*

### Convenient Schedule

Daylight Saving Time

Lv. New York 6:00 P.M. Lv. Chicago 4:00 P.M.  
(Grand Central Terminal) (La Salle St. Station)  
Ar. Chicago 9:00 A.M. Ar. New York 9:00 A.M.  
(La Salle St. Station) (Grand Central Terminal)



cotton khaki this month or next will ease the volume until next fall.

Dry cleaners are so eager to keep this business, and keep the government out of their field, that special pressure is being exerted wherever price abuses are reported. Thus, a Kentucky cleaner who charges 70¢ for cleaning coat, pants, and blouse has incurred the wrath of the rest of the trade, which feels that prices should be about half that if the industry hopes to prevent the government from taking over the dry cleaning as well as laundry business.

## Persistent Ickes

**San Francisco must vote for eighth time on acquisition of facilities for distribution of Hetch Hetchy power.**

San Francisco broke out in another Hetch Hetchy rash this week when it became certain that the city fathers had given in to demands of Secretary Harold Ickes that they stage another revenue-bond election next November in an attempt to raise \$65,000,000 for purchase of the San Francisco distribution facilities of the Pacific Gas & Electric Co. (BW—Sep. 7 '40, p. 53).

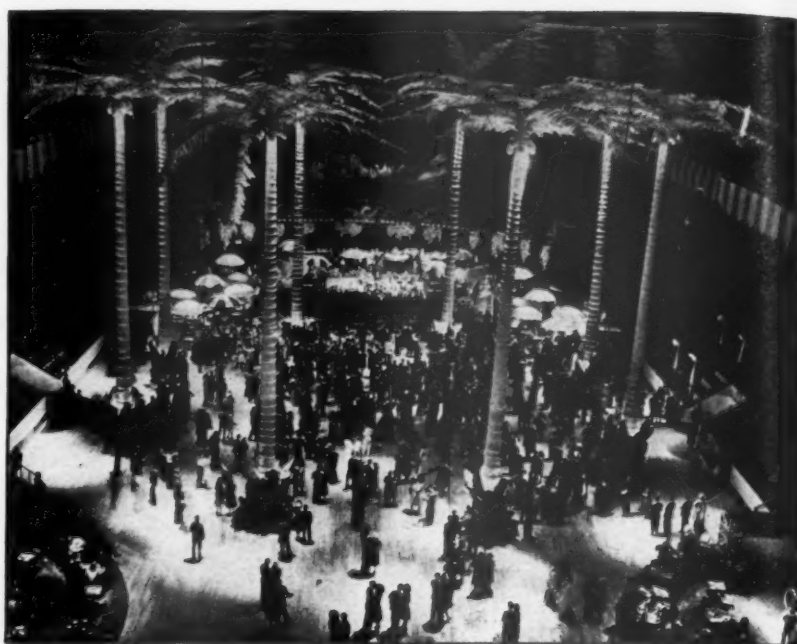
The rash appeared as a result of what George Creel once referred to as "San Francisco's perennial affliction—the seven-year Ickes" (seven times the city has voted down a program for city distribution of Hetch Hetchy power).

• **A Year of Grace**—In return for the promised election, Mr. Ickes has agreed to recommend a one-year postponement of the date when the city must stop selling Hetch Hetchy power to the P.G. & E. for distribution through the utility's system to San Francisco customers.

The postponement will advance to June 30, 1942, the effective date of a federal court injunction restraining the city from selling the power "in violation of the Raker Act," the 1913 law which granted land in the Sierra Mountains for construction of the water and power project.

• **Power Lease**—The act provides that power generated by the project be distributed by a city-owned system. Because San Francisco has no facilities, it has been leasing the power to the P.G. & E. for \$2,400,000 annually—no mean contribution to the city budget and an item on which the city has come to rely.

The arrangement wasn't challenged until Secretary Ickes appeared on the Washington scene. He maintained the P.G. & E. lease was illegal. In 1939, the Supreme Court agreed with him. Since then, he has redoubled his efforts to goad apparently reluctant San Franciscans into buying the utility's city distribution system.



## WALTZING IN THE GARDEN

*In its day New York's mammoth Madison Square Garden has housed political rallies, prize fights, circuses, et al. Last week, for the first time, and at a cost of \$100,000, it became a dance hall—with the largest dance floor in*

*the world (15,000 sq. ft.); eight-story-high palmetto trees; a 60-ft. waterfall; a fireproofed, star-studded, blue silk "sky"; assorted bars and cafes; 4,000 seats for spectators; and continuous dancing to three big "name" bands. It's just for the summer; the Garden reverts to its old policy in the fall.*

## In Wooden Boxes

**Planes, shells, and guns are among many military items making big demands on lumber industry's container division.**

Award of a War Department contract to a single Midwest manufacturer for \$782,618 worth of wooden shipping boxes for just the U. S. Arsenal at Savannah, Ill., emphasizes the extent to which wooden containers figure in the defense program. Another plant is producing \$250,000 worth of ammunition fuse boxes, complete with interior partitions, intricate closures, and locking device. Still other direct defense items include army lockers, small arms ammunition cases, boxes for explosives and propellants, shipping cases for shells from 20 to 105 mm., crates for 1,000-lb. bombs.

• **Shipped in Wood**—Largest wooden boxes for defense house long-range bombers complete except for wings which are detached and boxed separately. Airplane engines and propellers are requiring thousands of heavily constructed boxes, precision designed and manufactured to cushion valuable mechanisms during transcontinental hauls. Army uniforms, Navy fire control appa-

ratus, Air Corps bomb sights—all are shipped in the wood.

Wooden boxes originate largely in the country's chief lumber producing areas, ranging from the Pacific to the Atlantic. They move from the mills in shook form, cut to size and milled for quick assembly. The nailing-up process is usually performed at or near the points where the containers are packed.

• **600 Commercial Plants**—Last month, the Board of Governors of the National Wooden Box Association met in Washington and attempted to estimate the productive capacity of the nation's 600 commercially-operated box and shook plants. Meeting with them were Ordnance and Office of Production Management representatives who brought the first schedule of wooden boxes required by four new shell loading plants.

No official estimate was made of additional needs under the lease-lend bill, but association staff members figured that potential Ordnance needs alone would call for 375,000,000 bd. ft. of shook in the next 18 months. Though the item doesn't include the many boxes for planes and lard and Garand rifles, it represents only a small part of the industry's capacity, which in 1940 utilized 3,381,000,000 bd. ft. of lumber in making boxes and crating. This would represent 2,800,000,000 ft. of shook, after allowing for waste, 1,385,000,000



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One of a series illustrating Cyanamid's many activities.

## I SEE BY THE PAPER...

If you were asked, "What is paper made of?" your answer would probably be, "Pulp from wood or rags." You would be right, of course, to a certain extent, but pulp is only a part of the story. In many modern papers there is a remarkably high percentage of *chemicals*. And in that fact lies the secret of the miraculous things that are being done with paper today.

For example, there is more to the paper in this page than meets the eye. Throughout its manufacture many chemicals were used—sizes . . . alum . . . pigments . . . adhesives . . . all of which help to make possible the wonders of high-speed multi-color printing . . . millions of reproductions run off with a swift ease and economy unheard of a few years ago.

But printing is only one use for paper. With chemicals, many of which are spe-

cially developed by American Cyanamid Company, the paper manufacturer gives his products almost any quality or combination of qualities desired. Thus we now have paper handkerchiefs soft as down, new milk containers, waterproof paper, structural and insulating papers that have become almost indispensable in the building trades, many new types of lightweight cardboard and cartons for packaging perishables and fragile products. Today paper has more than 9000 uses. Among the new developments are papers that are almost as strong when wet as when dry . . . special papers that resist rubbing and abrasion . . . new resin coated papers.

To this infinite variety of paper, the American Cyanamid Company

brings constant improvement through chemical research and service to the paper industry. It is just one of the many spheres of industry in which the company helps to create progress.



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of which was produced by the 600 commercial plants operating largely on a one-shift basis.

• **Adequate Equipment**—Consensus of the association's board of governors is that the commercial plants alone can take care of an additional 540,000,000 ft. of finished shoo in 1941 on a one-shift basis. There appears to be no shortage of equipment for the increase and no all-over shortage of lumber. In one or two areas, shoo producers will have to compete with buyers of building grades of lumber for additional supplies of raw materials, but the condition is neither serious nor widespread.

Chief difficulty in meeting any sudden upswing for wooden boxes will be finding enough experienced workers to man a second shift.

• **Production Economics**—There is a disposition on the part of Ordnance executives and other government officials handling container specifications to revise details where revisions will foster manufacturing economies. Instructions were issued recently amending all shell box specifications to permit use of  $\frac{3}{4}$ -in. lumber, surfaced one side, where 25/32, surfaced two sides, is specified on drawings. This gives the green light to box manufacturers who have been resawing  $1\frac{1}{4}$ -in. stock into two  $\frac{3}{4}$ -in. pieces as a standard non-defense practice.

## Auto-Bombers

Fisher operations show how car and plane makers are setting up their intricate cooperation job under Knudsen plan.

Popular reports on how the automobile companies are going to work with the aviation industry to produce bombers are usually couched in broad, general terms that fail to reflect the intricate planning and coordination involved.

An idea of how the automobile men are going about their new defense job can be gained from the current operations of the Defense Unit of the Fisher Body Co. This is the outfit which is acting as liaison organization between North American Aviation Corp. and General Motors Corp. in their cooperation on production of B-25C two-motored bombers under the Knudsen plan at the government-financed North American-managed bomber assembly plant under construction at Fairfax Airport, Kansas City. The North American-G.M. tieup is similar to those of Ford with Consolidated and Douglas, of Chrysler with Martin (BW—May 24 '41, p20).

• **Teaching the Experts**—Fifty experts

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Fast-swelling production—together with the need for keeping costs down—demands *utmost* efficiency in material-handling and man-power. And that means one thing: American Pressed-Steel Hand Trucks!

One user writes: "We've never scrapped a single 'American' . . . and our men experience *less fatigue* during long hours when using these trucks."

Steel construction makes "Americans" an investment for the future—as well as an answer to today's problems. Place a trial order today. Convince yourself that "Americans" will speed work, and cut costs, at one and the same time!

Catalog illustrates trucks for every type of service.

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**AMERICAN**  
PRESSED-STEEL  
**HAND TRUCKS**

## Drought Cuts Power Supply in Southeast

Store window lights are being switched out or dimmed in the Southeast. Fewer lights are burning in homes and in many places of business.

Campaigns to promote use of electricity have come to an abrupt halt, may go into reverse and urge less consumption by customers. That would mean, moreover, a cut in soaring sales of electrical appliances in the Southeast.

All this is coincident to an appeal by government and private power companies to save power so that defense industries in the area need fear no shortage. "Economy in the use of electricity for purposes not essential to defense production is a patriotic necessity," the joint statement declared. "For every kilowatt hour you conserve at this time adds that much to the nation's capacity for defense."

Signers of this appeal were the War Department, Office of Production Management, Tennessee Valley Authority, Federal Power Commission, Georgia Power Co., Alabama Power Co., Mississippi Power Co., and South Carolina Power Co.

Shortage of electricity is not altogether a matter of unusual demand in defense plants, however. There has been an extraordinary lack of rainfall in the Southeast this year. Ponds backed up by hydroelectric power dams all over the area are low—some of them alarmingly so. The following Weather Bureau figures (in inches) for five stations in the region give a clear idea of the moisture deficiency:

	Birmingham		Chattanooga		Knoxville		Atlanta		Ashville	
	Precipitation	Variation from Normal	Precipitation	Variation from Normal	Precipitation	Variation from Normal	Precipitation	Variation from Normal	Precipitation	Variation from Normal
January	2.48	-2.51	4.11	-0.42	2.28	-1.97	1.42	-3.10	1.13	-1.67
February	2.50	-2.51	0.48	-4.31	0.59	-3.84	1.50	-3.25	0.54	-2.55
March	5.65	-0.74	3.77	-2.72	4.40	-1.30	4.46	-1.43	3.23	-1.21
April	3.01	-1.49	3.17	-1.40	3.98	+0.11	2.89	-0.51	1.76	-1.05
May	1.03	-2.63	0.34	-2.82	0.69	-2.59	0.46	-2.52	1.49	-1.56
5 Months	14.67	-9.88	11.87	-11.67	11.94	-9.59	10.73	-10.81	8.15	-8.04

Due to the waterpower difficulties, Knoxville and Nashville have put into operation standby steam generating plants. A canvass throughout the area has been begun to find out how much load can be handled by steam equipment. And Atlanta has dropped night baseball games.



from Fisher Body are now at North American's Inglewood, Calif., plant being instructed in the fabrication techniques evolved by the aviation industry and to be followed in the scheduled production of subassemblies in the automotive plants. Twenty-five of these men are working on the floor to acquire training for supervisory posts in the Fisher plant at Memphis, while the others are being trained in jig and fixture construction, preparatory to supervising these operations at Detroit.

Eventually the Kansas City plant will employ 10,000 workers to fabricate the center-wing section and certain other parts requiring hand-fitting, and to assemble these components with the Fisher-built subassemblies into complete bombers. Receipt of material, parts and equipment for manufacture of jigs at Kansas City is expected to begin the first part of June, and actual jig construction to start July 1, together with permanent installation of machinery. The first center-wing section will come from Inglewood on Aug. 15, and training of assembly workers will commence that month. All parts for the first 200 bombers scheduled for assembly at Kansas City are now being made in California.

• **Jigs Being Built**—Another 20,000 Fisher workers will eventually be employed in producing subassemblies such as tail surfaces, fuselage-section panels, outer wing panels, and nacelle structures. Much of this work will be handled at the Memphis plant. Jigs needed are already under construction at the Fisher Detroit plant. Automotive plants converted to B-25C production will follow exactly the fabrication and sub-assembly methods now employed at Inglewood. Drawings for all tools and jigs are being supplied to Fisher liaison men at the West Coast plant. Parts to be built by Fisher will follow specifications laid down by North American production experts.



Gadsden, Ala. (pop. 36,975), has profited greatly by the decentralization of Northern industry, now proudly boasts of its diversified industries.

## Gadsden—a Census Case Study

This Alabama Town's phenomenal gain is mainly due to consolidation, but community is an excellent example of way South has profited by decentralization of Northern industry.

The 1940 census puts Gadsden, Ala., right up there with the fast-stepping Texas cities in population gains (BW—Apr.26'41,p22). Official total for Gadsden was 36,975 inhabitants, showing an increase over 1930 of 53.8%. But there is a catch.

In 1931, Gadsden and adjoining Alabama City voted to consolidate. Alabama City added 8,544 souls to Gadsden's 24,042, making a total of 32,586. Thus, if the comparison had been between 1931 and 1940, Gadsden's growth would have appeared as 13.4%. Dealing only in totals, the U. S. Census Bureau put out the more spectacular figure without explanation and just let it reverberate. Gadsden is perfectly frank about the facts but isn't going out of its way to kill off favorable publicity.

• **Going Places**—Moreover, Gadsden must be listed among cities that are going places. In 1890 it was a village of 2,901 persons. Reminders of the hamlet era hang on. Guests in the ten-story, strictly modern Reich Hotel are roused at sunrise by crowings from hundreds of hen-houses. The practiced ear can pick out the war cries of game cocks among the more respectable tones of Plymouth Rocks and Rhode Island Reds.

Here is a town that has promoted and profited by the decentralization of Northern industry. Labor organizers say, "Gadsden is tough on unions." This reputation has helped attract industries from troubled labor centers in Yankee states. Other arguments are nearby supplies of iron ore, limestone, coal for

### STAR PERFORMERS: NO. 5

In the accompanying article, Business Week surveys the business factors responsible for the growth of another of the 11 American cities having more than 25,000 inhabitants and showing increases of more than 50% in the last census. Economic aspects of the growth of nine of these cities have been dealt with in previous articles; the most recent was that devoted to Corpus Christi, Tex. (BW—Apr.26'41,p22).

steel-making, and cotton for textiles.

Biggest thing in Gadsden is Republic Steel's mill, employing 4,500 men and now crowding capacity. In 1929, Goodyear built "the South's first rubber plant" here. Its importance increased with the labor rows in Akron. It now produces 13,500 tires, 13,500 tubes daily, gives jobs to 1,400 workers. Dwight Manufacturing Co.'s Gadsden plant began making cotton fabrics in 1896—a reminder that the migration from New England is no recent manifestation. The mill now employs 2,300. Some other big plants are Agricola Furnace Co., working 600 men, and A. & J. Manufacturing Co. (stoves and ranges), working 300.

• **\$25,000,000 Payroll**—These five plants give jobs to about half of the 18,000 total of Gadsden workers whose annual payroll is \$25,000,000. Farm income for the county of only \$3,750,000. Instead of ballyhooing mint juleps and romantic cotton plantations, Gadsden brags about its diversified industries. Instead of dramatizing banjos and magnolias, Gadsden boasts a "population 78% native white" assuring "an abundance of intelligent, peace-loving and energetic workers."

These transplanted Anglo-Saxons came down from the red hills to work in Gadsden's factories for more money than they ever expected to handle. They are psalm-singing Methodists and Baptists, independent, resent being pushed around by outsiders, especially those from "up North." Here as in other industrial centers the hard-working hill-billy minds his own business, is apt to side with the boss against unions and their organizers.

• **Bloody Collision**—The march of unionization under the New Deal came into bloody collision with Gadsden's

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Automobile wheels, truck wheels, locomotive wheels, airliner wheels . . . all kinds of wheels that speed transportation owe their efficiency to the extra helpfulness of Disston saws, files, knives, tools . . . and Disston Steel.

Machines that move on land and in the air are made faster and better with the aid of Disston products. Band saws and metal cutting circular saws of Disston hurry the cutting of metal parts, and Disston files and tool bits speed their finishing.

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Have you a production problem? Proper application of tools may be a solution. A Disston engineer will gladly advise you. Write today. Henry Disston & Sons, Inc., Philadelphia, Pa., U. S. A.





The Republic Steel plant, biggest thing in Gadsden, employs 4,500 men.

open-shop ideas during the rubber strikes of 1936-1937 (BW-Jul. 24 '37, p. 34). In this drive, Sherman Dalrymple, president of United Rubber Workers (C.I.O.) arrived in town with a belligerent staff and the announcement that if he wasn't man enough to organize Goodyear's Gadsden plant he'd bring in others who were.

A series of minor scrimmages ended in a first-class riot wherein Dalrymple and some of his aides were beaten up and rushed out of town. As usual, the union claimed the attack was instigated by employers, while the company asserted that it was a spontaneous demonstration by satisfied employees.

• **A Squawk, But**—Since then the Steel Workers' Organizing Committee (C.I.O.) has been trying to get a foothold in Republic Steel's Gadsden mill. Unionceers relate with relish that one of the sharp-pencil boys from Republic's head office, while auditing accounts in Gadsden, encountered a considerable balance owed by the men to the company commissary for radios, washing machines, refrigerators, and other symbols of high living standards. He thought the amount too high, ordered payments to be deducted from wages forthwith. There was an awful squawk from the men and S.W.O.C. organizers did their best to capitalize the resentment. These C.I.O. outlanders are said to be getting nowhere. One of them was waylaid and blackjacked during the past winter.

The American Federation of Labor appears to operate in Gadsden without bloody noses and bruised skulls. Why? Mrs. M. C. Mauney, wife and office helpmeet of the president of A.F.L.'s central labor union at Gadsden, pondered this question. She put down her

bottle of Coca Cola the better to concentrate.

• **"We Belong Here"**—"I reckon we get along better because we A.F.L. people belong here," she ventured. "Most of the C.I.O. organizers are out-of-town-ers. Our people are suspicious of strangers. Besides Gadsden is familiar with A.F.L. members in the building trades."

How was the union movement progressing in the South?

"Brother," said Mrs. M. expansively, "we are doing all right. I expect to see the day when you'll have to have a union card to pick peas."

Overalled white men waiting for jobs in chairs lined against the wall guffawed appreciatively. The phone rang. Mrs. Mauney conversed with it briefly, then called in four negroes who were sitting on the floor in the outer hall.

"You boys got any objection to joining the union?" she asked.

"No'm," they chorused meekly.

"O.K. They want men out at the shell forging plant."

• **A Card for Each**—She made out a card for each, thereby inducting them into the International Hod Carriers Building & Common Laborers Union, Local No. 1333. None had the \$10 union initiation fee or \$1 for the first month's dues. Mrs. Mauney explained that this \$11 would have to come out of their first 11 days' wages. There were no protests. She turned to the interviewer:

"Now you see whether or not we refuse work to men who haven't the cash to pay our initiation and dues. They will be paid 40¢ an hour or \$3.20 a day. At non-union rates around town they would get \$1 to \$1.50."

• **Defense Benefits**—The shell forging plant is Gadsden's most direct benefit from the defense program. It forms part of a setup which includes a du Pont operated powder plant at Childersburg, Ala.

The Gadsden plant will employ 1,000 men. As usual, there is a shortage of homes and the federal Defense Homes Corp. will provide 150 family units to rent from \$20 to \$30 a month.

• **River Is Important**—Gadsden is 65 miles northeast of Birmingham and ranks next as an Alabama manufacturing center. The Coosa River was Gadsden's transportation outlet in pre-railroad days. Now it furnishes water for the city's industries. Hydro-electric plants along this stream are monuments to the late Capt. William Patrick Lay, utility magnate, organizer of the Alabama Power Co., and Gadsden's most effective pioneer. Moreover, he originated a dream which the city still cherishes—of making the Coosa an integrated navigation-power-flood-control project that will rival the Tennessee Valley Authority.

• **Steamboat Man's Son**—Capt. Lay was the son of a steamboat man who, during the Civil War, ran a packet through the Coosa rapids to get her away from the damyankees. An unprecedented feat. The son was fascinated by the promise of electric power. Gadsden credits him with being the first to foresee the possibilities of long-distance transmission, of high dams, of developing power, transportation, flood protection at the same time.

In 1906, he launched the Alabama Power Co., lived to see it absorbed by Commonwealth & Southern, and ultimately defeated in legal struggles with the TVA.

• **Waterway Proposal**—A committee representing numerous interests keeps alive Capt. Lay's idea of a 9-ft. barge-line waterway from Rome, Ga., via the Coosa and Alabama River to tidewater at Mobile. While they don't put it in those words, what Gadsden would like is a CVA (Coosa Valley Authority) to match the TVA.

Government engineers have surveyed the project, are said to have reported favorably. It would involve between 400 and 500 miles of river. Cost of canalization is estimated at \$27,000,000, of flood control, \$4,300,000, of power development \$63,900,000, total \$95,200,000. And what is \$95,200,000 these days?

• **What It Might Mean**—While competing interests (coal and railroads) refuse to enthuse over the proposal, Gadsden business generally is entranced by the vista. Birmingham mills are about 35 miles from barge docks on the Warrior River; a canalized Coosa would bring barge service to the back door of Gadsden industries. Coca Cola makes huge shipments of sugar up the Warrior but must then unload and haul 200 miles to Atlanta by truck or rail; barge service via the Coosa to Rome would mean a 68-mile haul to Atlanta.

Then, Guntersville, at the southernmost loop of the Tennessee River, is less than 40 miles from Gadsden and the Coosa. A line of the N. C. & St. L. railway covers the distance and provokes exciting speculation: If it isn't possible to connect the Coosa and Tennessee system by canal, why not a rail line (they have them in Europe) to haul barges from one river to the other?

• **A Question of Direction**—Inflamed by this imaginative suggestion, the BW reporter exclaimed, "Then a lot of your products could go to market up through the TVA system."

The Gadsdenite opposite recoiled slightly.

"No, sir," he said firmly but with Southern courtesy, "Products from up there would come down and go out to world markets through the Coosa. From some points this would save a haul of 800 miles."





Picture the bottleneck if countless thousands of modern machines were not speeding up the figures so essential to defense production — and Monroe machines are doing the lion's share of this vital work. There are Monroe machines exactly suited to every kind of business figuring, serviced by a nation-wide organization of Monroe-owned branches. A Monroe representative can bring you the accumulated experience of a company that has concentrated on simplifying figure work for over a quarter century. Monroe Calculating Machine Company, Inc., Orange, New Jersey.

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SHE does her full share, you may be sure, in contributing to farm earnings and making the farm home a better place to live in.

But that's not all. Watch her at a dance. Chic, well groomed, as dainty as a model from a fashion page.

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That's why they offer you the most effective medium for advertising the things you make, to six million farm families. And this year, farm people have 10 billion dollars to spend.

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**FARM PUBLICATIONS OFFER . . . the Only Complete and Effective Coverage of the Farm Field**

# MARKETING

## Radio Fights Back

**Networks open the door to an inquiry with hope of closing one on FCC. Get set by planning sale of artists' bureaus.**

Radio broadcasting executives who have been exchanging harsh words with James L. Fly, chairman of the Federal Communications Commission, ever since FCC hit the networks with its so-called antimonopoly rules (BW—May10 '41,p14) were in Washington this week, trying soft words on Congress. Occasion was the start of hearings by the Senate Interstate Commerce Committee preliminary to action on the resolution of Senator White of Maine for a sweeping congressional investigation of radio.

• **Inquiry Invited**—Senators who were used to business protests against such investigations found that the network men's soft words were spoken in favor of the White resolution. Explanation lies in the fact that it recommends suspension of Mr. Fly's "death sentence" for the duration of the proposed inquiry. And, wary as they are of congressional "help," the broadcasters find the chance of getting a break from the legislators better than the certainty of getting none from FCC.

Chief proponents of the inquiry were officials of National Broadcasting Co., Columbia Broadcasting System and the National Association of Broadcasters. Majority stockholders of Mutual Broadcasting System had already endorsed the FCC order, from which they see an opportunity for their setup to profit (BW—May17'41,p14), and consequently opposed the idea of congressional investigation.

Behind the proponents was interesting support. In 1935, amid some smiles, the networks appeased the women's clubs and educators who had previously deplored laxative advertising, exciting children's programs, and "lowbrow" programming. Currently, these groups, in obvious gratitude, are loudly saying that FCC has gone too far, urging that network regulation be left to Congress.

• **Art for Sale**—Meanwhile, both the National Broadcasting Co. and the Columbia Broadcasting System have taken steps to divest themselves of some of their choicest properties: their artists' bureaus. CBS planned last week to sell its Columbia Artists, Inc., outright to the Music Corporation of America, world's largest manager of orchestras. Then it paved the way for selling its half-dozen concert bureaus, controlling

the cream of long-hair musicians, back to the managers from whom it had bought them in 1930. NBC concurrently was dickering with the William Morris agency, world's largest all-around talent house, for the disposition of the NBC artists setup.

The industry views all this as a maneuver made with an eye on Congress and an ear for FCC's monopoly clamor, rather than as anticipation of FCC action. Actually there is nothing in the FCC rules which directly dictates these sales. In fact, the new regulations do not even apply directly to the networks. Stealthily measuring every foot of its legal ground, FCC avoided saying, "a network may not do thus and so." It just made the painful point that "no license shall be granted to a standard broadcast station having any contract, arrangement, or understanding, expressed or implied" with a network doing thus and so.

Reputedly the Music Corp. of America is paying CBS a quarter-million dollars for CBS popular artists plus the necessary executive personnel to handle them (provided talent unions don't raise



### A.F.A. HEAD

James A. Welch, vice-president of the Crowell-Collier Publishing Co., was elected president last week of the Advertising Federation of America at its annual meeting in Boston. He succeeds Mason Britton, vice-chairman of the McGraw-Hill Publishing Co., and OPM executive. The A.F.A. this year officially welcomed the rapid growth of consumer education, declared itself ready to serve the defense program in any way.



You've thrilled to adventures that splash the pages of history in this land of America's beginning—you've read of the scenic wonders, of mountain and seashore—you've dreamed of a vacation that weaves a bright pattern from the colorful threads of new scenes, fun and relaxation.

These are all yours in Virginia, where hospitality is warm. Swing wide the gates. "The Pocahontas"—"The Cavalier"—or any of the Norfolk and Western Railway's fleet of modern, air-conditioned passenger trains will whisk you to this "Land of Romance" in cool comfort, style and safety. Deluxe equipment and streamlined schedules see to that.



A penny postal to the railway's Passenger Traffic Department, Roanoke, Va., will bring you your copy of the vivid new picture folder, "Come to Virginia for a Real Vacation." Frankly, it's designed to stir your wanderlust!



**NORFOLK and WESTERN**  
*Railway*



a row over the sale). As regards the high-class concert bureaus, CBS wants the original managers to buy back the 55% they sold in 1930, thus giving the managers their original 100% control. This involves another reputed quarter-million. NBC's incipient arrangement with the Morris agency is pretty similar, except that no executive personnel is involved.

• **What They Give Up**—This step in the process of divesting themselves of their tangible assets—of which radio, being largely built on intangibles, never had an over-abundance—means that the networks must let go of their artists' commissions, ranging from 10% to 20% of the salaries of about 800 network-controlled artists. They also let go of an easily-accessible well of talent.

FCC claims that in 1938 CBS got \$165,000 from the management of broadcast (popular) artists, and \$541,000 from the concert roster; that NBC, the year before, took in \$384,000 from popular artists, and \$193,000 from concert bookings. The government agency also claims that the concert business was such a melon that NBC and CBS divided the field territorially so that neither would compete with the other.

## Dry Scare Raised

**Wartime resurgence of prohibition agitation tops list of liquor worries as package-store men air their troubles.**

Members of the National Retail Liquor Package Stores Association who gathered in New York City last week didn't waste their time in wild carousal. There was plenty of liquor in sight—under wraps in display booths—but convention delegates weren't having any. The liquor industry has troubles.

The stepped-up pressure of dry agitation heads the list. Liquor interests admit frankly that they're more worried about the dries than they have been at any time since prohibition. Dry agitators, capitalizing on the potential dangers of serving liquor in areas around military camps, would like to use legislation like the Sheppard bill, now before Congress, as an entering wedge for country-wide prohibition.

• **Putting Up a Howl**—The Sheppard bill, which would ban liquor sales in military areas, has been publicly condemned by Secretaries Knox and Stimson. "Military areas," incidentally, might be construed to mean almost anything. For example, the term could take in the whole New York metropolitan district. Although the bill seems almost certain of sudden death, the liquor interests are putting up a preventive howl anyhow.

Legislatures of four states—Colorado,



American Network, Inc., pioneer FM chain, made its first commercial contract last week—with Socony-Vacuum. A.N.I.'s President John Shepard, 3rd

(center, seated), signed, while Jack Latham, network manager (standing at left), and other representatives of the network and advertiser looked on.

Iowa, Maine, and Minnesota—have petitioned Congress to pass the Sheppard bill and its twin measure in the House and individual state legislatures are toying with similar legislation. In addition to raising the hue and cry over keeping the bottle away from the boys in uniform, dries are showing their strength locally. In South Carolina, a prohibition bill has passed the legislature, though opponents pulled its teeth by making enactment contingent upon the state's finding some other source for the \$3,000,000 annual liquor tax revenue. A prohibition drive is gaining strength in Georgia, and dries are busy in all states where communities have local option.

• **Oppose Proof Cut**—Retailers took advantage of the package stores' convention to go unanimously on record as opposing the Alcohol Tax Unit's proposal that minimum legal proof for distilled spirits be reduced from 80 to 60 (BW—Mar. 8 '41, p. 48). Translated, this means cutting alcoholic content from 40% to 30%. ATU says the lowered proof would promote moderation and eliminate a good share of bootlegging. Package store men question these arguments and say that legalization of lower-proof hard liquor would force them to increase their inventories, while cutting into their dollar volume of sales. Liquor men are badly worried by the prospect of increased taxes, but they're afraid that too much kicking might do them more harm than good. Their argument against stepped-up taxes

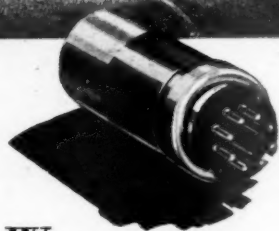
is the same one they're using to combat the Sheppard bill and prohibition generally: Any undue restrictions on legal drinking are the equivalent of a return ticket for bootlegging. Package store men voted to join with other industry associations to combat the twin bogeys of prohibition and taxes.

• **Scotch Shortage**—Consumers as well as retailers will groan at the news that shipping losses are beginning to tell and a steep rise in the price of Scotch whisky is almost inevitable. Package store men learned at the convention that whisky imports were 1,300,000 gal. less in the first three months of this year than in the same period in 1940, in spite of heavy demand.

One bright light at the convention was the prospect of at least temporary peace on the New York price front, where a continuing war has cut the ground out from under fair trade contracts and the profits out of retailing since before Christmas. Last week, Seagrams announced new minimum resale prices, allowing for a 38% mark-up on its brands, and this week Schenley followed suit. Both outfits have indicated they intend to enforce the new mark-ups, and the trade is hopeful.

• **No Price Talk**—Significantly, William Steinberg, outgoing president of the package stores' association, steered convention talk away from prices. It was too much price talk at the Boston convention two years ago that got the national association and the local and re-

## "Space Suits" for Stratosphere Radio



**W**HEN you board a Stratoliner for a hop across country, you fly in a hermetically sealed, insulated cabin. It retains sea-level pressure of fresh, pure air . . . no matter how high you go. In one of these, any regular aircraft transmitter or receiver will function just as normally as you do yourself.

But what about the thousands of other planes built and building for stratosphere flying . . . fighting . . . freight-carrying? These are stripped lean as racers. Every ounce of unnecessary weight becomes a threat to safety . . . to fighting-efficiency. No sealed cabins for these!

**T**O keep hearts from bursting at dizzy stratosphere heights, men put on individual oxygen masks. And to keep the very hearts of aircraft radio-power supplies (vibrators) from bursting, Mallory has developed a vibrator in a "space suit".

Yet important as they are, Mallory Stratosphere Vibrators are only one bright thread in a tapestry of leadership that is woven through practically every industry. Mallory is the acknowledged leader in the manufacture of essential parts for all radio communications and electronic devices.

But beyond that, Mallory's metallurgical division plays an important part in practically every industry

that uses non-ferrous metals, or which fabricates metal products.

Mallory standardized welding-tips, wheels, and dies have contributed tremendously to the lowered costs of producing better, stronger automobiles. And over 80% of all automobiles produced employ Mallory electrical contacts in the ignition systems. In general industry, it is nearly impossible to name a type of product, if it is made of metal, or operated electrically, that does not rely upon Mallory for electrical contacts or resistance welding electrodes.

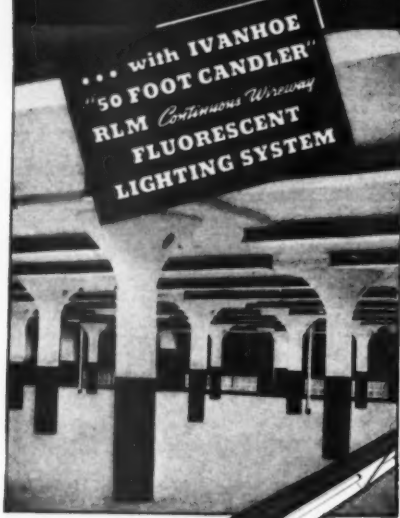
That's why we say, regardless of your industry, find out the part that Mallory plays.

**P. R. MALLORY & CO., INC., INDIANAPOLIS, INDIANA • Cable Address—PELMALLO**

<p><small>P. R. MALLORY &amp; CO., INC.</small></p> <h1>MALLORY</h1> <p><small>SERVES THE AERONAUTICAL, AUTOMOTIVE, ELECTRICAL, GEOPHYSICAL, RADIO AND INDUSTRIAL FIELDS WITH . . . ELECTRICAL CONTACTS, WELDING ELECTRODES, NON-FERROUS ALLOYS, POWDERED METAL PRODUCTS AND BI-METALS . . . RECTIFIERS, DRY ELECTROLYTIC CAPACITORS, SPECIAL HIGH RATIO ANODE PLATE CAPACITORS, VIBRATORS, VITREOUS RESISTORS, POTENTIOMETERS, RHEOSTATS, ROTARY SWITCHES, SINGLE AND MULTIPLE PUSH BUTTON SWITCHES, POWER SUPPLIES, BATTERY BOOSTERS AND CHARGERS</small></p>	<p><small>SERVES THE AERONAUTICAL, AUTOMOTIVE, ELECTRICAL, GEOPHYSICAL, RADIO AND INDUSTRIAL FIELDS WITH . . . ELECTRICAL CONTACTS, WELDING ELECTRODES, NON-FERROUS ALLOYS, POWDERED METAL PRODUCTS AND BI-METALS . . . RECTIFIERS, DRY ELECTROLYTIC CAPACITORS, SPECIAL HIGH RATIO ANODE PLATE CAPACITORS, VIBRATORS, VITREOUS RESISTORS, POTENTIOMETERS, RHEOSTATS, ROTARY SWITCHES, SINGLE AND MULTIPLE PUSH BUTTON SWITCHES, POWER SUPPLIES, BATTERY BOOSTERS AND CHARGERS</small></p>
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**FAIRCHILD  
SAVES  
PRICELESS MAN-HOURS**

**... with IVANHOE  
"50 FOOT CANDLER"  
RLM Continuous Wiring  
FLUORESCENT  
LIGHTING SYSTEM**



**Manufacturer of famed  
Fairchild Aerial Camera —  
"the Eyes of the Army"  
gets speedy and economical  
installation of "50 FOOT  
CANDLERS" for new plant  
addition.**

● Fairchild employees now get 50 - 55 foot candles for fine inspection and assembly jobs—work better, faster. So evenly distributed is this lighting that production equipment can be moved at will without changing lighting. And—most significantly right now—IVANHOE "50 FOOT CANDLERS" were installed in almost unbelievable time, permitting Fairchild to move quickly into production.

For IVANHOE "50 FOOT CANDLERS" contain up to 80 per cent of the plant wiring system right in their own wiring channels. That not only means speedy installation . . . it means installation savings of 30 to 50 per cent, too.

If you need better lighting in your plant—and want it economically and fast—we suggest you write or wire for new "50 FOOT CANDLER" Bulletin 1-C today.

**THE MILLER COMPANY**  
MERIDEN, CONN.  
*Pioneers in Good Lighting Since 1844*

gional groups affiliated with it in Dutch with the Federal Trade Commission. It was on the basis of convention "leaks" that FTC issued a cease-and-desist order, charging the association and its members with engaging in price conspiracies, principally as an outgrowth of efforts to maintain fair trade prices.

FTC's case against the association and its member groups was brought last winter. The case was temporarily closed just after the association accepted the commission's charges, announcing it would not contest the cease-and-desist order, but local affiliates are still scheduled to go on the carpet and indications are that the hearings will be reopened this month. Last week, liquor got it in the neck from another quarter when the Antitrust Division started an investigation of price conspiracy and Sherman Act violations in the Washington, D. C., wholesale and retail liquor trade.

### CHAIN BREAD INDICTMENTS

Although it was one of the firms indicted by a Washington, D. C., grand jury last week for conspiracy to maintain uniform and non-competitive retail bread prices, the Great Atlantic & Pacific Tea Co. probably is pleased rather than dismayed by the Antitrust Division's crackdown. Last fall, A. & P., the food field's biggest chain, tried to crack Washington bread prices with its 24 oz. "Marvel" loaf, selling at three for 25¢ or a little better than 9¢ for a 1½ lb. loaf. This compared with a 7½¢-8¢ price on A. & P.'s regular pound loaf in the company's Washington stores.

When the Marvel loaf was taken off the Washington market in April, the trust-busters got curious. Their investigation ended in the indictment of A. & P. and its publicity agencies, Carl Byoir and Associates and Chester M. Wright and Associates; American Stores Co. and its affiliate, Acme Markets; Sanitary Grocery Co. (Safeway); two bakery union locals; and assorted individuals. A. & P. claims its inclusion in the indictments doesn't jibe with the facts. The company points out that it brought Marvel in to buck the price structure, and claims the loaf was only taken off the market when union drivers refused to make deliveries from A. & P.'s Baltimore bakery.

### CURTIS KILLS DISCOUNT

The 2% discount they customarily grant advertisers on prompt, cash payments has always been something of a problem to the nation's periodical publishers. Radio gets along very happily without it, so do most major newspapers. But no ranking magazine publisher has been willing to take the leap. Last week, one did. Curtis Publishing Co. announced that, beginning next February, it would no longer grant cash dis-

counts to advertisers in the Saturday Evening Post, Ladies' Home Journal, and Country Gentleman.

In its announcement, Curtis points out that "we have maintained this offer during the past fifteen years, although other forms of media have been operating without it." Certainly, if any magazine is qualified to take the lead in discontinuing discounts, the Post, which has led all national magazines in advertising revenue almost since time immemorial, is it. But the Post may not hold its enviable No. 1 position indefinitely. It's believed that Life's revenue has surpassed the Post's in the past two or three months.

### KANSAS TAXING DEFENSE

With federal defense buying mounting into the billions, states and municipalities are beginning to think twice about the exemption from local sales and use taxes they have almost uniformly granted the government on direct purchases (BW—May 17/41, p. 54). Now, in the first court ruling on purchases made under Emergency Plant Facilities contracts, the Kansas Supreme Court has decided that airplane companies increasing capacity via this form of contract must yield the state its 2%.

Under the EPF contract, a manufacturer forced to expand plant capacity to meet defense needs is reimbursed by the government over a five-year period, with the U. S. taking title to the property after the last payment has been made. The manufacturer holds a dominant option, entitling him to buy back the plant, at a depreciated value, at the end of the emergency.

The Kansas Commission of Revenue and Taxation, looking longingly at the big emergency plant additions to Beech Aircraft and the Stearman division of Boeing at Wichita, decided the companies' purchases were taxable, even though they eventually will come out of Uncle Sam's pocket. Boeing and Beech took the ruling to court, only to be told they must fork over. Kansas has both a sales and use tax, so the companies must pay taxes both on purchases within the state and on goods bought outside for use in the Wichita plants.

### NEW TAXES FOR ILLINOIS

Hitherto unacquainted with state cigarette taxes, Illinoisans on July 1 must begin paying 2¢ per package. Likewise, petroleum producers must begin paying 3% of their receipts. Gov. Dwight H. Green signed both bills last week. Reason for the new taxes: On July 1 the retailers' occupational tax (sales tax) drops from 3% to 2%, costing the state treasury \$33,000,000 a year revenue. Expected annual productivity of the new taxes: cigarettes, \$10,000,000; oil, \$3,400,000.



# Express Highway to Lower Prices!



**Clams from Boston—Celery from Kalamazoo—  
Meat from Chicago—your pick of America's  
best...brought within easy reach of the  
family budget... THANKS TO TRUCK TRANSPORT!**

**“W**HAT a honey of a road!” You’ve said it . . . every car owner has said it . . . a thousand times.

But there’s more to that road—the thousands of miles of it in America—than the sweet sing of your tires on its modern surface . . . or the scenery . . . or even “the places to which it goes.”

#### LEADS “DOUBLE LIFE”

These highways are working roads, as well as pleasure roads. For you, indirectly, they earn money; for you, they save it, most directly.

They’re all “roads to lower prices” . . . because, all night long they bear your motor freight . . . truck-carried cargoes . . . of the foods you

eat . . . the clothes you wear . . . the furniture, movies, newspapers, games, tools, and practically everything else you use.

And—trucks move freight with greater over-all speed, flexibility and economy than any other transportation system.

Motor freight brings what you want—when you want it . . . by direct routes . . . with minimum handling . . . and no side-tracking.

#### CUTS WASTE—SPEEDS PRODUCTION

Merchants don’t have to overstock in order to get economical delivery of perishable foods in right amounts. Seasonal goods—or latest styles—reach your local stores about as fast as they do the great centers.

Factories are enabled to work on

## No One Can Match the SAFETY RECORD of America’s Truck Drivers

National Safety Council figures prove truck and bus operators are the safest drivers on the road, a record that is being upheld through strict Interstate Commerce Commission supervision—plus company Safety Patrols and training.

★ ★ ★ ★

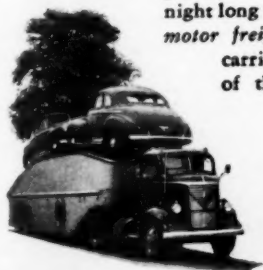
#### A RECORD FOR COURTESY, TOO!

You have no more loyal motoring-friends than the crews of America’s motor freight trucks.



most advantageous schedules . . . with inventories kept liquid . . . and warehousing costs at minimum.

Yes sir. Savings at every turn of the wheels—savings you share . . . along all America’s Roads To Lower Prices! —the roads that America’s Trucks have helped make possible, and hourly help make profitable for you!



FREE MOVIE! —“Singing Wheels”—Thrilling 22-minute feature, for club meetings. Inquire—your State Motor Truck Assn., affiliated with ATA.

# AMERICAN TRUCKING ASSOCIATIONS

WASHINGTON, D. C.



## AVOID UNNECESSARY CREDIT LOSSES!



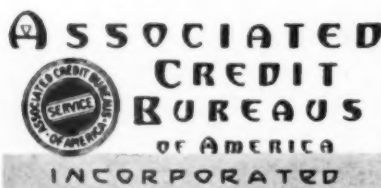
### Through this Complete Accurate Reporting System

When you contemplate extending credit to your individual customers, less than all the facts is an injustice to you and the consumer alike. Complete, accurate *Factbill* reports of paying habits and financial responsibility are essential if you are to avoid loss and be fair to the applicant at the same time.

Thirteen hundred and fifty members of the Associated Credit Bureaus of America and Canada stand ready to furnish you factual retail credit data, taken from the actual ledger records of thousands of merchants and professional men. Such reports give you exact knowledge of the individual's existing commitments and the manner in which they are being met. Records are available on more than 60,000,000 people today.

Your local credit bureau has the nationwide facilities of this Association at its disposal. On request, this vital information is available to you at a very nominal charge.

Look for the listing of the Associated Credit Bureaus of America in your local telephone directory...or write for free booklet which gives full details.

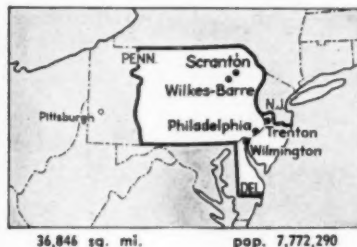


Executive Offices, 1218 Olive Street,  
ST. LOUIS, MISSOURI

## The Regional Market Outlook

**PHILADELPHIA** (Income Index—121.3; Month Ago—118.3; Year Ago—104.7)—Armament expansion continues to lift income here. In the Philadelphia industrial area, an airplane factory is going up at Bristol, Pa., lumber-processing capacity is being enlarged at Eddington, and additional shipways are to be built along the Delaware.

Income gains and prospects within the district are somewhat variegated. For instance, at Wilmington, due to increasing



**CHICAGO** (Income Index—127.9; Month Ago—128.2; Year Ago—110.3)—Income benefits to farmers resulting from the federal program to lift hog and dairy prices are mounting—but the distribution in this area is not even.

Dairymen, mostly in Wisconsin, are reaping their returns now: at the seasonal peak of the milk flow. Production is up from 1940, and feed costs are low. On the other hand, hog raisers, mostly in Iowa and Illinois, will have to wait. A big new crop will be ready in the fall, but current marketings are small; meanwhile, corn has to be grown and "worried" through the harvest season. However, farmers are already spending—in anticipation.

Even so, rural retail sales gains are not apt to match urban. Not only have factory wage scales been boosted (Detroit automobile manufacturers have followed Chicago steel companies in granting increases) but employment also is on the

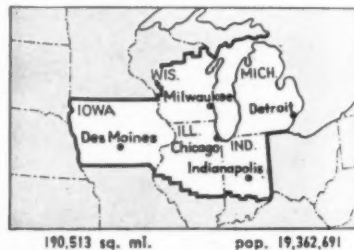
employment at shipyards and du Pont offices, retail sales are likely to continue better than average. At Lancaster, on the other hand, trade has been "slow"; but armament activity, as at the Armstrong Cork shell-casing plant, is expanding, and so the retail prospect is brightening.

Although Reading sales gains (from 1940) have been above-average, defense orders are small, and payrolls in hosiery and steel are not apt to rise sharply. Trenton's defense share, likewise, is not large, nor are state payrolls at the New Jersey capital due for a boost. So retail sales will not rise as much as in arms centers.

Due to better prices, district farm income is up 6% from 1940. However, costs have risen—especially farm wages. Moisture conditions have been "fair," as are prospects for truck, field, and orchard crops. Milk production is higher now than it was a year ago.

rise in the district's industrial centers.

Unless priorities get in the way, agricultural implement manufacture, district specialty, should hit new highs in coming months; the jump in the nation's farm income has lifted sales. These companies are also busy on defense orders. Railroad equipment makers are rushed, too; sharply increased output is scheduled throughout 1942 and several new engine, bomber, and munitions plants will soon begin production.

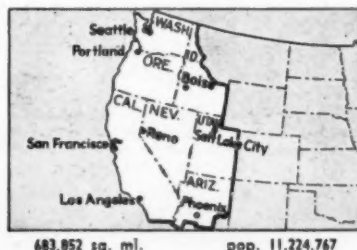


**SAN FRANCISCO** (Income Index—132.5; Month Ago—132.5; Year Ago—113.4)—For the most part, labor and farm prices in this Reserve district are still rising gradually—in contrast to the sharp gains in some other regions. Despite strikes in shipbuilding, lumbering, and aviation, the wage increases have averaged a good deal less, say, than those in steel and coal areas.

Crops covered by the new 85% of parity loans—primarily cotton and wheat

—are not basically important to agricultural income here. Of course, hog, poultry, and dairy producers will profit from the federal props to these prices, and some fruit and vegetable growers are in direct line for government lease-lend and Army food buying. But most crop farmers, and the cattle and sheep raisers, still depend upon the normal course of rising consumer demand to lift quotations and receipts.

This would suggest some temporary slackening in the income rise here, relative to other Reserve districts. But the area's vast share in defense is slated for further enlargement: new army camps are projected for Surf and Campo, Calif., and Eugene and Medford, Ore.; aircraft plants in southern California will expand to take on part of the new bomber program; more awards for emergency shipyards at coastal points are anticipated, and building of additional aluminum and steel capacity is under consideration.





## *The Mountain that was Poured . . .*

• Near the Gulf South coast are unusual mountains, man-made of sulphur pumped in molten form from many wells and poured into huge vats to harden.

Ninety-nine per cent of the American total and seventy-two per cent of the world's total annual elemental sulphur or brimstone production comes out of the great mines operating on the Gulf

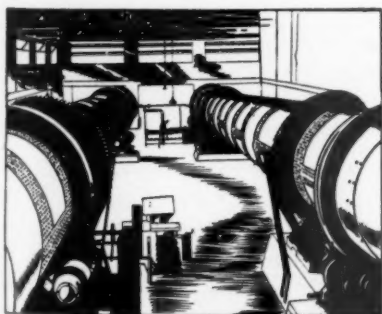
South coast. To local industries, short haul sulphur freighting saves money and is practically overnight.

Here, too, are millions of acres of pine and hardwood timber, basic raw materials . . . a diversity of agricultural crops . . . abundant, dependable Natural Gas for peacetime and national defense requirements . . . all in the heart

of a swiftly growing territory.

Join the march of industry to the Gulf South. This Company's organization and facilities are available to industries interested in Gulf South opportunities.

Advise us of your requirements . . . without obligation we shall be glad to make a confidential survey for you.



**Abundant, dependable Natural Gas serves as fuel in this lime kiln in a Gulf South paper mill.**



For information on GULF SOUTH opportunities write to  
DIRECTOR OF INDUSTRIAL DEVELOPMENT

## UNITED GAS PIPE LINE COMPANY

**FOR TEXAS,** Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. **FOR LOUISIANA,** Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. **FOR MISSISSIPPI, FLORIDA and ALABAMA,** Mail received at: Jackson, Mississippi.

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COPY, 1941 UNITED GAS PIPE LINE CO.



# PRODUCTION

## Soy Flour Scores

**Its inclusion as ingredient of Army's dehydrated soup peps up producers and highlights a story of steady growth.**

Millers of soybean flour were dancing in the streets last week because an Army quartermaster contract for dehydrated soups specified a sizable content of soy grits, a coarse form of the flour. Quaker Oats Co. got the contract, but what pleased the trade was the report that the specification had been developed by the U. S. Bureau of Home Economics. Therefore, soy enthusiasts consider it official federal recognition of soy's nutritional qualities.

Only within the past half dozen years have processors learned how to treat soybeans to make them palatable. After dehulling, beans for human food are now commonly debittered by a process individual to the particular mill, guarded as a state secret. Thus is removed the flavor which a Manchu considers the real delicacy of the legume, but which an American dislikes. Another processing trick "sets" the fatty acids and so prevents rancidity.

• **Growing Steadily**—The market for soybean flour in food products, as distinct from stock feed, plastics, and other non-food uses, is still infinitesimally small, but it is growing steadily. Last year, U. S. food industries used about 3,000,000 lb. of soy flour, which was less than 1% of total wheat flour consumed.

This flour came in three distinct types, named according to analysis and process. "High-fat expeller" has part of its fat squeezed out, but still retains about 23%. "Low-fat expeller" contains about 64%. "Solvent type," made not by squeezing out most of the fat but by dissolving out practically all of it with a high-volatile solvent, contains about 1% fat. The three vary between 54% and 40% protein content, and show barely a trace of starch.

• **In the Bakeshop**—Uses and prices vary according to type of flour. High-fat flour sells around 41¢ per lb. in commercial quantities at Chicago, is a standby of many bakers who treasure its shortening effect and the yellow color it imparts, simulating the appearance of egg yolks liberally used. Soy flour proponents claim that its high percentage of lecithin, a mighty emulsifying agent, improves the texture of the finished piece of bakery goods.

A liberal admixture of soy raises protein and reduces starch content, giving

body to the product—and, in bread, a toasting quality highly relished by the initiated. Still more important advantage attributed to bakery goods containing plenty of soy is that they hold moisture more tenaciously than ordinary cereals, thus keeping baked goods fresh longer. Disadvantage, in some bakers' minds, is that snow-white bread is impossible with soy content.

• **Doughnuts and Cones**—High-fat soy flour is making good with manufacturers of doughnuts and of ice-cream cones. Doughnut Corp. of America uses it by the carload to give its goods a thin crust and to repel soaking-in of the deep frying fat. Joe Lowe Corp., big national bakery supply house, is a major distributor to bakers.

Soy-content bread, meaning anywhere from 10% to 25% of soy flour, depending upon the ideas of the baker and the type of wheat flour he uses, is on sale at a good many health-food establishments in the large cities. But also it has been boosted extensively by several of the national baking companies, including Continental and Purity.

• **No Longer Concealed**—Soy millers say that use of soy flour should not increase the cost of the finished product. Their principal gripe is that most bakers insist on regarding a soy loaf as a specialty that must bring 12¢ or 14¢ in the same size

as the dime loaf of ordinary white bread. Tendency of bakers used to be to sneak the soy content as something to be concealed, but latterly they come out in the open, brag about the soy's high-protein content, its nutritional advantages, and the toasting quality that it imparts. National Tea Co., big Middle Western grocery chain, has recently been promoting a soy loaf vigorously.

Low-fat expeller flour is used in the same bakery products as high-fat. It is usually purchased by thrifty buyers who relish its price of around 34¢ per lb. at Chicago, approximately a penny below high-fat. The confectionery trade is using large quantities in cream centers, caramels, and taffies. Grits, the coarser form, go into canned and dehydrated soups such as the Quaker Oats contract calls for.

• **In Meat Products**—Meat packers use it freely in meat loaf, chili, and other uncased ground-meat products. Those packers who do only intrastate business and hence are not subject to federal inspection use it in sausages, especially frankfurters and bolognas. Some of the large packers openly yearn to use soy flour more widely, but it is kept from their cased products by lack of approval from the Bureau of Animal Industry.

B.A.I. officials say that they have no scruples about its edibility, but that its protein is indistinguishable from beef protein by chemical analysis, and if they permit its use before their laboratories can detect it quantitatively in sausage, they lose control of the meat con-



## WIRED FOR SOUND

One of the star attractions at the formal opening of the new 36,000-sq.-ft. Merz Engineering Co. plant in Indianapolis last week was a jig grinder equipped with a microphone. It wasn't any publicity stunt either, but a means of amplifying the sound

of a grinding quill during the finishing of tiny 0.020-in. holes, to tell the operator the progress of his work. About 25% of Merz's business is defense tank parts, special machines, jigs, fixtures for closely-associated Marm-Herrington; remainder covers like items for Curtiss-Wright, Studebaker, Bantam Car "Jeeps," and the Navy.

The Makers of  
**Motorola**  
Know Voice  
Amplification

Therefore They Chose...  
**WEBSTER ELECTRIC**  
**Teletalk**  
Amplified  
Intercommunication



Mr. J. E. Galvin, Vice-Pres., uses the handset of his Model 524 for confidential conversations.

D.H. Mitchell, Chief Engr., uses Model 524 Teletalk constantly to coordinate with other departments.

Jack Davis, Radio Engr., discusses a radio with Albert P. Williams, Asst. Chief Engr. Note the Model 524 Teletalk on Mr. Williams' desk.

The Galvin Manufacturing Corporation of Chicago, Illinois, manufacture Motorola—one of the best known names in automobile and home radios. Because of this the Galvin Manufacturing Corporation are in a splendid position to appreciate quality in an amplified inter-communication system.

Because of increased business, Galvin found it essential to better coordinate the functions of all departments of its business. Their switchboard was over-loaded. A general call system which they had installed solved the problem only to a certain extent.

The results were: (1) customer dissatisfaction caused by inability of the customer to reach various men in the plant when the switchboard was over-loaded; (2) loss of time waiting for an outside line or a departmental line; (3) difficulty in paging a man if he happened to be out of his office; (4) inability of management to maintain contact with all departments at all times.

After a great deal of experimentation with different methods,

Galvin installed a Webster Electric 24-station Teletalk System.

Galvin's experience with Teletalk is typical of that experienced by all users. All inter-departmental communication is now handled by Teletalk. Paging is done by Teletalk. Workmen reply to questions without leaving their work or upsetting production. The switchboard operator is relieved of a tremendous amount of useless work, with a consequent improvement in prompt and efficient telephone service.

Galvin states that Teletalk has made a substantial contribution to the efficiency of the entire organization, permitting the smooth flow of ideas from one department to another with a minimum of lost motion. It has saved an immense amount of hours, increased the efficiency and reduced the fatigue of its personnel.

A request for information will bring you full details on how you can employ Teletalk and the name of the distributor who can best serve you.

Teletalk permits the combination of Intercommunication, Paging, Signaling and Sound Distribution in one compact system.

Licensed by Electrical Research Products, Inc. under U. S. Patents of American Telephone and Telegraph Company and Western Electric Company, Incorporated

**WEBSTER ELECTRIC COMPANY**, Racine, Wis., U. S. A. Established 1909. Export Dept.: 100 Varick St., New York City. Cable Address: "ARLAB" New York City

**WEBSTER ELECTRIC**



"Where Quality is a Responsibility and Fair Dealing an Obligation"

MANUFACTURERS OF TELEPHONE INTERCOMMUNICATION AND PAGING SYSTEMS • POWER TRANSMISSION AND SOUND SYSTEMS • RADIO EQUIPMENT • RADIO PHOTOGRAPHY EQUIPMENT • ILLUMINATION TRANSMISSIONS AND BUILT-IN LIGHTS FOR CARS • BELL SYSTEMS

# ASSESSED VALUATIONS

## For Tax Purposes

Our uniform method, based upon sound economic principles, assure tax assessments that are fair to both municipality and private owner. Since 1923 this organization has made revaluations for 80 cities and counties covering property valued at over 7 billion dollars.

If your municipality has any tax problem, write us for full information on the sound solution.

**THE J.M.CLEMINSHAW CO.**

Appraisal Engineers

McGraw-Hill Building, New York  
Union Commerce Bldg., Cleveland

tent of the finished goods. Latest word is that the bureau's researchers have developed two tests permitting measurement of soy content, and that soy will accordingly be ratified for use when these methods have been broadcast among the technical personnel.

• **Some Competitors**—When foreign trade moves freely, imported potato starch has a handy price advantage over soy flour for meat packing. Other competitors are skim milk powder and processed corn flour. In today's markets, soy millers claim they can meet any competitive price, and that the advantages of their material make it definitely more economical.

Solvent-type flour is used by meat packers interchangeably with low-fat expeller flour, and costs about the same. It is also an ingredient in some of the premium-grade cake flours. In general, it



## BIG WINNER

Typical of the nine winners of the \$10,000 Revere Awards for the "best contributions made by workers at the bench to America's defense plans," is \$5,000 first-prize winner, Eugene Phillips, Civil Aeronautics Authority radio electrician. His contribution—one of 2,000 entered for the awards put up by Revere Copper & Brass Inc.—is a blind airplane landing system. Other winning entries: an electromagnetic riveting gun, a rivetless structural design, an ammunition production speeder, an alloy conserver, an automotive locking device.

fits where absorption is needed, or a more generous volume of protein without the fat that in nature so often accompanies protein.

A handful of firms makes the bulk of all soy flour now sold in this country. Big names in the trade are Central Soya Co., Ft. Wayne, Ind.; Allied Mills, Inc., and Glidden Co., Chicago; Archer-Daniels Midland Co., Spencer Kellogg & Sons, Inc., and A. E. Staley Mfg. Co., all at Decatur, Ill.

## Dollars from Dust

Metals and chemicals that would go up the chimney or out the window are recovered by use of electrical precipitation.

One important angle in the defense effort which is developing without fanfare came to light this week in Los Angeles. At the behest of defense-minded industrialists who have awakened suddenly to possible shortages of materials, metallurgical and chemical

# THIS BOOK TELLS...



*What* dust is...

in terms of both theory and practice in industry.

*Why* dust control

is important...

in terms of valuable dust that may be reclaimed and reworked, and in the elimination of hazards and hindrances to production.

*Who* buys Buell

equipment...

the great names among America's industrial leaders who have bought—and re-ordered—Buell Dust Collectors for a wide range of uses.

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in the many operations of industry, such as crushing, combustion, drying, grinding, mining, powdering, roasting, sand blasting and many others.

*How* Buell Dust Collectors can help your business...

through the high collection efficiency of the van Tongeren System (exclusive with Buell) and the low cost of both installation and operation.

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Your copy of "Dust in Industry" will be sent upon request, without obligation. Have your secretary ask for Bulletin B-67



engineers are doing some real checking on losses of metals and chemicals through fumes and dusts.

Extent and potentialities of the trend are indicated by Western Precipitation Co., manufacturers of apparatus, under the Cottrell patents, for electrostatic recovery of solids from smoke and dust, which reports equipment is now being installed for defense recoveries of copper, manganese, alumina, tungsten, molybdenum, selenium, and nickel.

• **Plant Installations**—In one western magnesium plant, about 20,000 lb. of magnesium-bearing dust are being handled daily. In another similar plant, equipment is now being installed which will handle 200,000 lb. a day. A large western aluminum factory under construction will have precipitation apparatus in its flow sheet.

Wastes up the smokestack occur in gases from smelting and refining furnaces, copper and lead blast furnaces, sintering machines, converters and like equipment and may run up to \$1,000,000 yearly in single plants, and many millions in the aggregate.

• **In Pulp Mills**—Another war slant that is receiving increasing attention is the saving of chemicals that are becoming more valuable or less plentiful. Outstanding instance is salt cake, used in pulp mills; it takes around 380 lb. per ton of pulp, of which 100 lb. or more can be recovered. Increased demand for salt cake is making recovery more vital.

Father of electrical precipitation was Dr. Frederick G. Cottrell, professor of chemistry at the University of California, who completed his first installation in a lead and silver smelter near San Francisco some 35 years ago.

## NEW RECORDING DISKS

Some instantaneous recordings of radio programs made by the broadcasting companies are for reference purposes—to convince advertisers that programs have actually been on the air, to protect against slander suits. Other recordings, such as fireside chats, are frequently rebroadcast again and again. Both "waxings" have been cut on large aluminum-backed, acetate disks, which differ from everyday phonograph records in that they can be played back immediately without further processing, but the aluminum shortage is forcing changes to other materials.

Columbia Broadcasting System has chosen glass as a backing for its acetate records used in rebroadcasting; RCA Mfg. Co. has developed a paper-backed acetate disk for reference use. Neither glass nor paper is new to the recording art, glass-base disks having been used in Europe several years ago, and paper-base disks being the current standard for home recording. CBS warns all employees that glass is fragile; RCA boasts that paper will cut record prices in half.

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**"KEEPS CUSTOMERS SOLD!"**



## TRUCK-TRAILERS ARE DOING A BETTER JOB FOR EVERYBODY!

AGAIN—this time in the service of National Tea Company—Truck-Trailers have proved their ability to do an all-around cost-cutting job. After a full year's experience with Fruehauf Trailers, the Operating Department reports: "The additional payload has been an important factor for us. Greater flexibility and larger loads hauled by smaller power units are producing lower distribution costs."

### MANY ADVANTAGES

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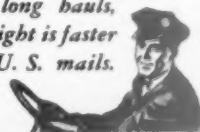
Fruehauf Trailers are saving money—30% to 60%, many owners report—for thousands of firms in more than 100 lines of business. They fit

into virtually every traffic or load requirement where you may now be using straight trucks. Even greater savings may be yours if your hauling operation is adapted to the "shuttle system." With it, one truck handles three Trailers—it's constantly busy pulling one Trailer, while the second is being loaded and the third unloaded.

A call from you will bring a Fruehauf transportation engineer with full information about the possible application of Truck-Trailers to your business.

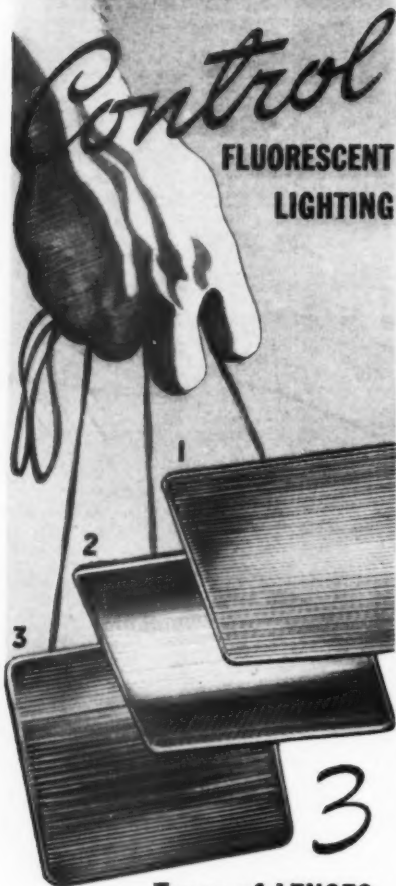
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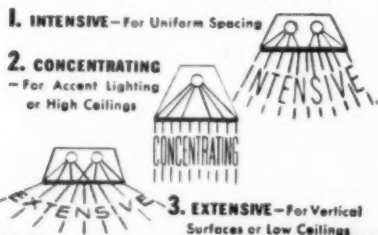
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## NEW PRODUCTS

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By using two standard incandescent lamps for ballast in its new Fluorescent Fixtures, Setchell Carlson, Inc., 2235 University Ave., St. Paul, Minn., is able to eliminate starter plugs, relays, corrector condensers, etc., and to achieve "instant starting and high power factor." The incandescent lamps are mounted above the fluorescent tubes to give an indirect ceiling light.

### Golfing Glasses

The new Cesco Hed-Rite for golfers is a pair of amber sunglasses with a



clear v-shaped opening in each lens to direct the eyes down and to the left. With your head held properly for a sound golf swing, you see a white ball. If it appears to be amber, your head is not in correct position for a par-breaking shot. Chicago Eye Shield Co., 2300 Warren Blvd., Chicago, is the manufacturer.

### Photo Templates

"Matte Transfer Film," a new product of Eastman Kodak Co., Rochester, N. Y., which has been speeding the design and manufacture of aircraft for some time, is now being offered to any industry using metal templates. Through its use, engineering drawings are printed photographically on metal sheets which become templates as soon as they are trimmed around the photographic outline. With great care, and high-precision equipment, the photo-templates will be accurate to 0.001 in. per ft.

### "Builders' Plastic"

Not a plaster, but "an oil base portland cement product," Wet-X-Hale Builders' Plastic can be troweled, brushed, or sprayed onto practically

any surface—galvanized iron, concrete, brick, plywood, cloth, glass, what-have-you—to form a flexible, washable, corrosion-resisting, sound-deadening finish. According to its maker, Rogear Co., 11 Water St., New York, it sticks to its base without the use of metal or wood lath. With it, "all finishes of ordinary cement plaster can be duplicated."

### Stone Package

Economies in the packing, shipping, and unpacking of cut sandstone are ex-



pected from the new Stone Package developed by Hinde & Dauch Paper Co., Sandusky, O., for Cleveland Quarries Co. A sheet of cellophane is placed over a corrugated sheet, and both are wrapped about an individual stone. Steel-strapping completes the packing job, except for suitable padding and bracing in the truck, boat, or freight car.

### Box Sanitizer

Connected to the discharge end of a conveyerized washer, where lug boxes and crates are cleansed with cold and



hot water, the new Cascade "Lug Box Adapter" gives them a supplementary spraying of sodium hypochlorite solution for the control of molds, bacteria, yeasts, and odors. As developed for the fruit packing industry by Cascade Sprayer Co., 3215 Western Ave., Seattle, Wash., and soon to be offered to other industries, the outfit covers both inside and outside of any container with a penetrating mist.

# LABOR

## Wages Frozen Too

**Pegging of copper price has put C. I. O. miners on spot and their protests have backing of marginal producers.**

While the copper industry sought to assess the new pool and priority orders affecting it (page 28), labor stirrings in the mines and smelters of the copper country were competing for management's attention. Strangely, however, the labor unrest was not being considered an unmixed misfortune. A section of the industry, in fact, was downright happy about it.

The anomaly springs from the unique pay scheme which prevails in the industry, under which wage rates are pegged to copper prices. Because the arrangement is sanctified by collective bargaining agreements with the United Mine, Mill, and Smelter Workers Union, a C.I.O. affiliate, current pressure for wage increases is directed not at the copper companies but at the government's price-freezing moves.

• **Growing Discontent**—The price-wage relationship (chart, p. 54) has held copper wages on a dead-level plateau since last October. With the 12¢ a pound copper price set by federal suggestion and showing signs of being established at that level for the duration, the union is running a series of "what-to-do-about-it" meetings. Seeing workers in other industries pocketing substantial pay hikes, to say nothing of the rising cost of living, has made copper employees restive. Discontent in Utah has become particularly acute for there the non-union Utah Copper Co. has raised wages twice since the first of the year while union men have their wages frozen by 12¢ copper.

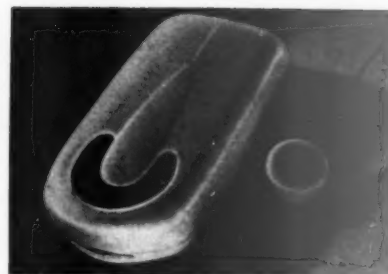
First, the union approached the companies, only to be reminded that most current contracts have another year to run and carry no provision for altering terms. Then, anxious to avoid breaching its agreements, the union prepared to send representatives to Washington to ask Leon Henderson to thaw the frozen price level.

• **High-Cost Mines**—There is a great deal of sympathy in Washington for the higher wage claims of copper workers but little of it extends far enough to support a lifting of copper prices, which would particularly benefit low-cost producers. Joining the union's plea is a section of the industry which avers that American needs can be satisfied by raising prices high enough to induce high-cost mines to resume production.

Washington's reply to this argument

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is the same now as it was last February (BW—Feb. 15 '41, p8) when it was reported, "Defense economists favor subsidization of marginal producers if their production is desirable rather than increased prices for the entire industry, arguing that price increases of 50% to 100% to secure 5% to 10% of additional product are neither businesslike nor politically sound." Copper produced in Latin America (about 85% Chile) is counted on to make America's lack less stringent.

● **Trouble Ahead?**—Unless a formula for wage increases can be found, there is a real possibility that labor trouble may cut into domestic copper production. Shortly after the first of the year, Michigan copper workers struck, ostensibly for higher wages but actually for higher prices, contending that a 15¢ a pound price was necessary to justify operation of the state's copper mines if living wages were to be paid.

The strike was backed by Michigan business and political interests and ended with a petition to the state legislature asking that Congress be memorialized to raise copper prices. The Michigan strike may well be a foretaste of what is to come in the mountain states of the West. For with most of the copper workers employed under two-year contracts, which have a considerable time yet to run, guerrilla strike tactics may be the method used to put pressure on both companies and government.

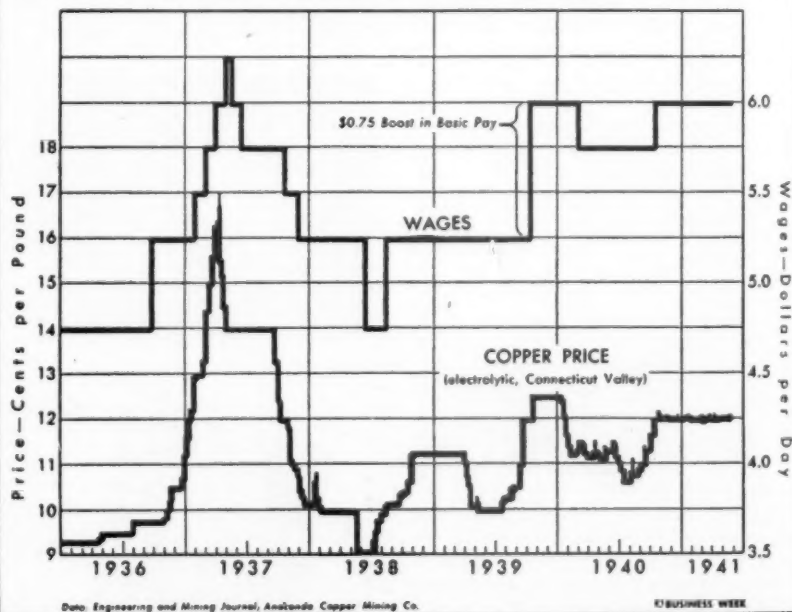
## Another Wildcat

Outlaw strike problem is now in lap of NDMB as result of Msgr. Haas's recommendations in Vanadium Corp. inquiry.

The problem of how to discipline an irresponsible local union engaging in a wildcat strike in violation of contract has always been a thorny one. In the defense setting, it becomes acute; particularly so because, with mediation and arbitration voluntary, labor peace often depends on the rank-and-file's accepting advice and leadership of top union officials. Last week, there was the report of how the Steel Workers Organizing Committee (C.I.O.) dealt with one of its refractory locals (BW—May 31 '41, p48). This week the National Defense Mediation Board was wrestling with the same issue.

NDMB's interest in outlaw strikes stems from its job: to keep labor trouble from impeding defense. In doing that, the board claims to have had energetic cooperation from union leaders. Men like C.I.O. President Philip Murray and A.F.L. Secretary George Meany have sat on NDMB panels, and have been influential in getting unions to accept NDMB recommendations. But there is still no gen-

## HOW COPPER AGREEMENT TIES WAGES TO PRICES



Union contracts in the copper industry peg day wage rates to prices. Thus, as copper sells for 9¢ a lb. or less, wages in Montana are \$5 a day; copper at 9¢-9½¢ means a \$5.25 wage;

9½¢-11½¢, \$5.75; 11½¢-13¢, \$6. Bases have changed when new agreements were negotiated, but the present \$6 wage is fixed as long as copper stays at 12¢, or until new contracts are written.

eral formula for handling a local that won't heed its officers.

• **Bridgeville Incident**—One case in point for NDMB was the Vanadium Corp. of America strike in Bridgeville, Pa. (BW—Apr. 5'41, p16). According to the company, the C.I.O. local involved was engaging in an outlaw strike in defiance of its agreement. It took NDMB a month and a half to get the strikers back to work and then it was agreed that the board would investigate the dispute and make recommendations. For the delicate job of making an investigation, NDMB chose an eminent friend of labor, the Rt. Rev. Msgr. Francis J. Haas, dean of the school of social sciences at Catholic University. This week Msgr. Haas' report was in NDMB's office, and the board wondered what to do about it. The Haas conclusion was that C.I.O.'s Local Industrial Union No. 953 had overstepped its collective bargaining authority in demanding that the Vanadium Corp. replace six non-union plant guards with union men. This was the cause of the strike.

• **Recommendations**—The Haas recommendations were: (1) that the officers of Local 953 be appropriately reprimanded and that such reprimand be made a condition of their retention in employment by the company; (2) that the Steel Workers Organizing Committee take over Local 953 and reprimand the six employees of the local bargaining committee and assume responsibility for fulfillment of the existing contract; (3) that the six guards be retained by the company and be bonded and that it be understood that employment of guards cannot be considered subject to the contract; (4) that the strikers not be paid for the time which they did not work; and (5) that strikers who helped to remove defense materials through their own picket line be paid for the work which they did.

NDMB's chore was to give effect to the recommendations without stirring up another ruckus.

## CANNERS FOREWARNED

Every canning plant in the country, large or small, is due to be visited this season by inspectors from the Department of Labor's Wage-Hour Division. Starting this week in the deep South, an army of 400 will begin the inspection tours, rolling northward with the fresh fruit and vegetable harvests.

According to the Wage-Hour Administrator, Gen. Philip B. Fleming, "the drive will be both educational and punitive in nature. Our inspectors will carry forward our program of instruction in the provisions of the law, but their primary job will be to search out violations in covered plants. We are not going to crack down on the employer who makes some minor mistake when he is sincerely trying to obey the law,

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Today, with the sudden realization that America is abundant in every essential except armaments, we are brought back to fundamentals. One is that we must make the most of what we have.

The span of life of a machine tool is measured in working hours. Yet throughout our land

but we do intend to see that every canner of fresh fruits and vegetables is in complete compliance with the Act."

The canning industry, because of its seasonal nature, enjoys two 14-week periods of exemption from the 40-hour week requirement of the law, but there never has been a relaxation of the 30¢-an-hour minimum wage requirement or of the child labor provisions. It is compliance with these two provisions which the inspectors will be seeking.

## Ford Bargaining

**Company, eager to push  
its summer production, begins  
talks with union before labor  
board has made certification.**

With an almost unprecedented lack of ceremony, officials of the Ford Motor Co. and representatives of the United Automobile Workers Union (C.I.O.) sat down together this week and started talking about a contract. It was clear that the company was taking the initiative for, with certification of the union as exclusive bargaining agent still pending on Labor Board orders, the company could have delayed negotiations without a challenge. So evident, however, was the union's strength in the Rouge plant, as revealed in the recent NLRB poll (BW—May 31'41, p38), that Ford was apparently eager to find out what the C.I.O. was going to ask.

• **Lunch with Bennett**—On Monday, union leaders lunched with Harry Bennett, Ford personnel director. He had, according to one unionist's private aside, eaten a great deal, including his famous words, "They can bargain until hell freezes over but they won't get anything." At any rate, all sources agreed that the track seemed to be clear for down-to-earth contract making.

Although the company is not yet in receipt of definite union demands, what they will be is generally known. They include: (1) a 10¢-an-hour blanket wage

increase; (2) a shop steward grievance-handling system; (3) a strong seniority arrangement; (4) vacations with pay, or a bonus in lieu of vacations, and other standard features of U.A.W. contracts.

• **Bargaining Factors**—How much the union will get will be determined by the weight of a number of factors sure to influence the bargaining strength of the conferees. One of them is the manifest desire of both parties to avoid another strike—strong in the union because of government pressure, but even stronger in the company because of anxiety to keep production booming up to the Aug. 1 deadline on uncontrolled auto production. Rouge is now operating six days a week and, according to insiders, is having difficulty in attaining the desired daily production schedule, which is geared high to make up the month's loss in assemblies caused by the recent strike.

Another factor on which the union counts is the precedent which was established when the Mediation Board intervened in the U.A.W.-General Motors dispute (BW—May 24'41, p48), and underwrote a 10¢ an hour pay boost as well as other union demands. Ford, which gave a wage boost just before the NLRB poll, will contend that this should be deducted from the union's wage demands and can find support for its position in the new Chrysler agreement signed this week (page 59).

## PITTSBURGH TRUCK TIEUP

The city of Pittsburgh, armament-producing hub, was in a virtual state of siege this week as a truck drivers' strike isolated the community from its markets and supply sources and blocked the movement of everything except perishables. Many defense plants, principally subcontractors fabricating and processing military steels, were hard hit. Larger mills with rail sidings were burdening steam traffic with emergency shipments.

The strike was led by A.F.L.'s Teamsters' Union and involved 1,700 drivers. The union's contract with 179 local, intrastate, and interstate freighters based in Pittsburgh expired last week end and the tieup came as employers turned down a 10¢-an-hour pay raise demand. The drivers were paid 85¢ an hour under the old agreement. Not content with holding their own trucks in garages, strikers were patrolling the highways, flagging down every load-carrying vehicle.

The strike was holding up delivery of special steels used for cartridge clips, gunshell forgings, and small arms ammunition, but at midweek when federal conciliators went into conference with the principals, the Army expected early relief, for the conferees were to remain in continuous session until a settlement was made.



## The Bridges Front

Web of strikes developing as deportation trial nears close. Planes, ships, lumber, and warehouses have been affected.

With Harry Bridges' deportation trial nearing its end in San Francisco this week, the Australian's followers were leading or threatening strikes on the West Coast involving shipyards and warehouses in the San Francisco Bay area, lumber mills and logging camps in the Northwest and the aircraft industry in Southern California.

While Bridges' lieutenants in lumber were scrapping with the Mediation Board in Washington (page 58), Bridges-dominated leaders of A.F.L. machinists were seeing to it that few metal workers went into Bay-area shipyards through machinist picket lines (BW—May 31 '41, p51). Meanwhile, in San Francisco, Bridges' own union, C.I.O.'s International Longshoremen and Warehousemen, were staging its first strike since 1938 against 190 wholesale establishments in the Golden Gate district.

• **Aviation Wrangle**—Further south in the aircraft manufacturing center around Los Angeles, Bridges' associates, Wyndham Mortimer and Lew Michener, were wrangling with the North American Aviation Co. over a pay increase which again threatened a serious strike, narrowly averted before through Mediation Board intervention.

The shipbuilding strike was setting the biggest hurdle for government conciliators. The most hopeful sign for a speedy resolution of the shipyard paralysis was the news that Bethlehem Steel, operator of the largest yard involved, was prepared to sign a contract with the metal trades unions incorporating all the terms, save a closed-shop provision, which appear in the West Coast Shipbuilding Stabilization Agreement (BW—Apr. 19 '41, p33). Bethlehem's action, when it comes, is expected to cut some of the ground out from under strike leaders who told a senatorial committee that their quarrel was with Bethlehem.

• **Office-Worker Drive**—Behind the warehouse strike is the aim to raise the pay of women workers to a scale higher than that which prevails in most San Francisco offices. If this object is achieved, Bridges will get a powerful sales argument for his drive to organize office-workers in the city.

The warehouse contract which expired June 1 provided a 75¢-an-hour wage for men and a 45¢-an-hour rate for women. Employers agreed to push up the scale for men to 85¢ and were willing to boost women to 50¢, but the union insisted on a dime raise for women and struck when it wasn't forthcoming.



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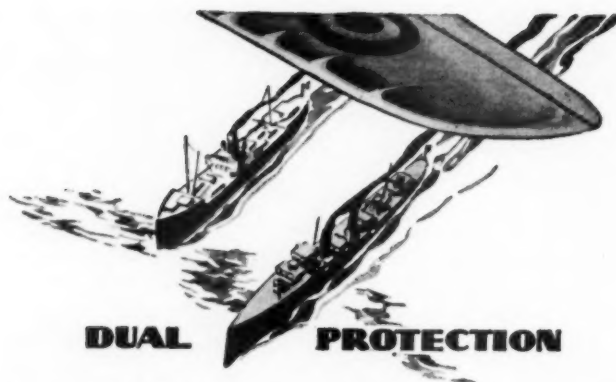
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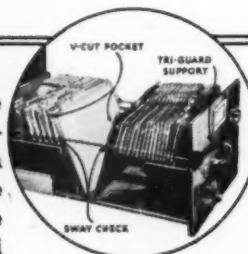
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**The Globe-Wernicke Co. . . CINCINNATI, O.**

## Defi for NDMB

Mediation board is challenged by lumber strikers, who term settlement proposal "all-out strike-breaking device."

The National Defense Mediation Board has met its first direct challenge. Twelve thousand striking lumber workers, representing one C.I.O. faction in the Puget Sound timber area, have refused to return to work on terms proposed by an NDMB panel and endorsed this week by the full board. "An all-out labor-busting and strike-breaking device" was the phrase which O. M. Orton, who leads the strikers in their demand for a 7½ wage boost, used after his Washington conference to describe the board's proposal that the men go back to work while an impartial committee studied the whole question on the assurance that any pay increases would be applied retroactively. Since Philip Murray and other C.I.O. leaders had endorsed the proposal, the factional left-wing nature of the strike seemed apparent.

Back of labor trouble in timber is a maze of complications which date back to America's last war effort. Then the Industrial Workers of the World (known as I.W.W.'s and Wobblies) were a potent force in the spruce and fir country. Their agitation for a shorter work day kept the industry in a turmoil and seriously crippled the shipbuilding program. In October, 1917, the federal government moved in with a two-pronged action. First, under the aegis of the War Department, an Army colonel organized the Loyal Legion of Loggers and Lumbermen as an anti-I.W.W. organization, and then troops marched in to break I.W.W. strikes.

• From 4-L to A.F.L.—It proved to be an effective move, and the prestige and patriotic approval which the 4-L association won kept it alive in the Northwest timber lands until fairly recently when it became the Industrial Employees Union, an independent group. After an involved seven-month Labor Board hearing on charges of being a company union, the I.E.U. joined the A.F.L. Along with other A.F.L. units, and in concert with a section of the C.I.O. timber workers who were dissatisfied with their officials for alleged Communist connections, I.E.U.'s 6,000 members plus another 10,000 unionists struck and won substantial pay increases last December (BW—Dec. 14 '40, p40).

The section of the C.I.O. which did not participate in that strike is the group involved in the present dispute. Led by President Orton of the International Woodworkers of America, the strikers refused to accept the terms won last December.

## Chrysler Ups Pay

Increase of 8¢ an hour is granted though contract still has months to run. Union agrees pact will hold till Nov. 1, 1942.

In spite of the fact that a contract in force fixed wage rates until next December, the Chrysler Corp. agreed this week to a general wage increase of 8¢ an hour in response to demands of the United Automobile Workers Union (C.I.O.).

In addition to the blanket raise, Chrysler employees with a year's seniority will get a \$45 bonus at Christmas. The cost of all this to the company is estimated at \$15,000,000 for the fiscal year.

• **Demand Fulfilled**—The wage increase was granted following union demands that Chrysler match the 10¢-an-hour wage increase obtained from General Motors (BW—May 24'41, p48). The current 8¢ raise, added to the 2¢-an-hour increase granted last December, fulfills the union's demand according to Richard Frankenstein, U.A.W. Chrysler Division director. The \$45 bonus represents a \$5 increase over the amount paid last year.

Corporation officials said that the union has agreed to a stipulation providing that neither party to the agreement may ask for any amendments prior to Nov. 1, 1942. How much the union will feel bound by this next year if the cost of living soars is anybody's guess.

• **"Highest Paid"**—Hailing the new Chrysler pay scale, the union said that the company's rates now make Chrysler employees the highest paid in the auto industry in most classifications. Union negotiators at Ford's, however, were making a serious effort to pin that title on the big independent (page 56).

## RAIL COUNTERDEMAND

Knowing that railway labor mediation has always operated to "split the difference" between demands and the status quo, the Eastern Railroad Presidents Conference moved last week to counter the demand of operating rail unions for a 30% wage increase (BW—May 24'41, p8). Action of the Eastern rail executives is expected to be followed by other carrier groups.

The management move is directed against working-rule practices long imposed by unions on steam transportation. "Feather-bedding," the term for payments made without actual work being done, is the special target. Serving notice that the roads want to revise these work rules makes them the subject for bargaining and mediation. In this way management hopes to pare down inevitable pay increases.

# Beating the Gun



AMERICAN factories can turn out guns, tanks, ships and planes faster than the rest of the world combined. Yet, tooling up for this colossal job has handed American industry its toughest production crisis in history.

Number one bugaboo: Most machine tools needed for modern production are still fashioned individually or in small lots.

Dramatic exceptions are the metal and woodworking machines developed by Delta engineers during fourteen years of tireless experimentation and now turned out by modern production methods.

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# COMMODITIES

## Tire Restriction?

Crude rubber problem is causing Washington to seek ways for choking off part of consumer demand.

The rubber problem is in a fair way to be passed right on to the consumer. Purchase of tires for noncommercial uses probably will have to be restricted even though no shortage of rubber has actually developed as yet.

The point is that consumption of both crude and reclaimed rubber has been mounting steadily, as shown by the chart below. The sea lanes have been kept open and ships have been available to meet the demand for rubber thus far. But, if we are to guard against interruption of shipments, officials in Washington believe we should build the stockpile much more rapidly.

• **Here Are the Figures**—Record use of crude rubber has gone a long way toward nullifying record imports. The government-held stockpile has grown steadily but it still amounts to only 178,000 tons. An additional 152,000 tons is in private hands in this country, making a total of 330,000. Add to that the 153,000 tons aboard ships bound for the United States and the "on hand and afloat" figure comes to 483,000

tons, or a little more than 6½ months' supply at present rate of consumption.

In normal times a 6½-months' supply would be a depressingly large quantity. Today it looks alarmingly small, at least to those who take a pessimistic view of the shipping situation. Moreover, the recent uprush which carried the price to 25¢ a lb. (New York) demonstrated that alarm is sufficiently widespread to breed runaway markets.

• **Peacetime Use Dwarfed**—Consumption of crude in the United States in the first four months of this year is estimated at 266,000 tons by the Rubber Manufacturers Association. That dwarfs peacetime use even in a commodity-boom year like 1937, when consumption for the same period was only 209,000 tons. And the trend is still up!

Contributing to this record use of rubber has been the very high rate of tire sales by manufacturers. The automobile companies took 9,809,000 original equipment tires in the first four months of this year against 7,924,000 in the corresponding period of 1940 and 8,732,000 in the like 1937 months.

• **Replacement Tires**—Sales of replacement tires (to dealers) and exports brought total manufacturers' shipments for the four months to 21,313,000 casings. As May and June bring a very large seasonal rise in shipments of replacement tires, the figure for the first half of the year should break all records.

To choke off some of the consumer

demand is an uppermost thought in Washington at the moment. Obviously, substantial reduction in the number of automobiles manufactured in the coming new-model year will cut down on original-equipment requirements. But consumer demand for replacement tires will continue large.

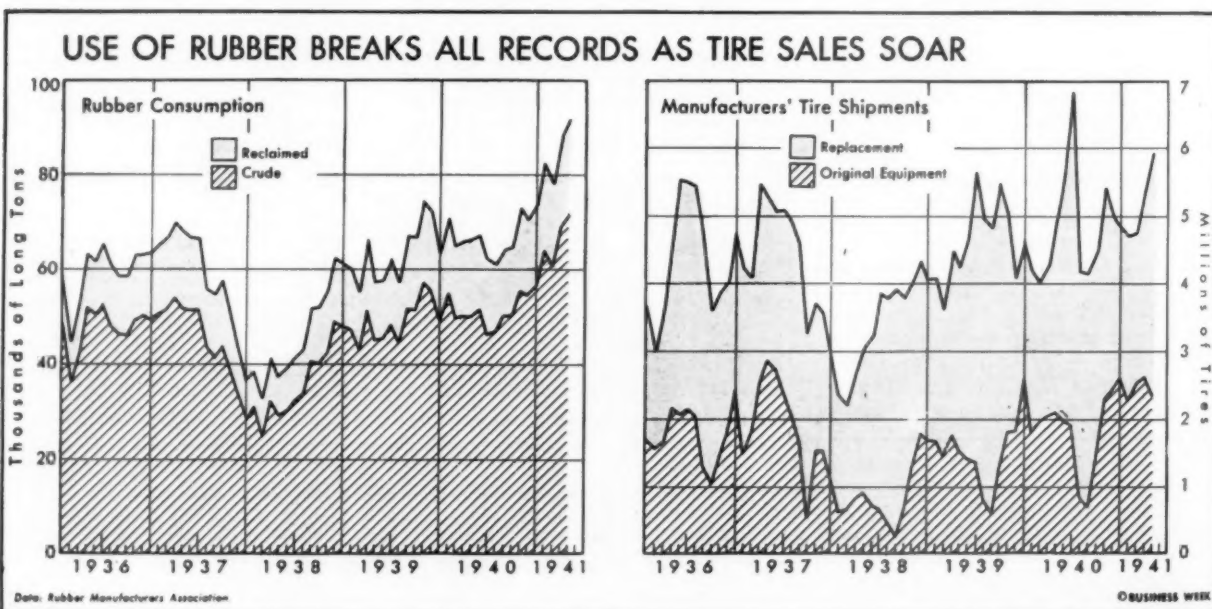
• **Antihoarding Plans**—To prevent the hoarding of tires not needed immediately, plans have been suggested such as one to require the buyer to turn in the old tire to prove that he actually needs the replacement. However, most such schemes at once suggest difficulties in administration, so it appears likely that priorities may have to be invoked to reduce the number of tires actually available.

Meanwhile, official efforts have partially succeeded in forcing a reduction in crude rubber prices. Higher margins to curb speculation, threats of an order to fix ceiling prices, and the proposals for priorities to reduce actual requirements have backed quotations down from 25¢ a lb. to less than 22¢.

## Shoes Hit a Ceiling

At least, that seems to be the import of Henderson's action on hides, timed with OPM's rejection of Army footgear bids.

Was it mere coincidence that Leon Henderson demanded a ceiling of 15¢ a lb. on hide prices (light native cows, July takeoff) simultaneously with gov-



Although the rubber stockpile is growing, efforts in this direction have been retarded by record use of rubber to meet, among other things, tremendous demand for tires,

as these charts show. Both shipments of tires by manufacturers and use of crude rubber for the first four months of 1941 eclipsed all records.

ernment rejection of bids on 1,000,000 pairs of shoes for the Army and 283,000 for the Civilian Conservation Corps? And was it a further coincidence that the OPACS chief made his announcement just before the shoe fair held in Boston this week?

These were two of the pertinent questions being asked in the shoe trade even as the raw hide people and the tanners conferred with Henderson about his intention to make the 15¢ price official rather than tentative. Meanwhile, the entire industry was pretty much marking time pending clarification of its price ideas.

• **Whose Ox Is Gored?**—Packing houses which skin the cattle and sell the hides naturally weren't too pleased at the prospect of a cut to 15¢ a lb. from recently prevailing prices around 16½¢. Tanners didn't like the sharp rise in prices. Yet they always must carry substantial inventories, and they weren't too happy at the prospect of taking a loss on hides accumulated at going quotations over the last few weeks. Shoe manufacturers howled bloody murder over an action which seemed aimed at driving down finished prices by means of regulating only one factor in costs. But it was good news to the volume distributors who saw a chance that recently posted advances of 5¢ to 20¢ a pair on shoes retailing between \$2 and \$5 might be beaten down.

These large distributors, who hold a dominant position particularly in women's shoes, have strongly opposed higher prices. They are reported, in fact, to have been holding off on ordering fall shoes in the hope that there might be no advance. They still were in that mood as they appeared at the Boston shoe fair to place fall orders.

• **Manufacturers' View**—On the other hand, shoe manufacturers have been equally determined to get a markup. They have been paying more for leather and they have granted general increases in wages. Spokesmen for the industry insist that it is absolutely essential to charge more for cheaper lines and that there must be either a boost in prices or a cut in quality of higher-priced shoes.

The timing of Henderson's announcement, whether intentional or not, projected him right into the middle of that argument. It put him in the position of advocating retention of old prices, because he was marking down the cost of hides even though he obviously had done nothing about the higher labor costs.

• **Back to March Prices?**—Also, his timing put him in the position of indicating to shoe manufacturers that they had attempted to overcharge the Army and the CCC. The OPM, which had solicited the bids on this government business, explained that all the tenders were 20¢ to 25¢ a pair higher than those

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## FINISHES



Workman at Oliver's Chicago plant sprays new Sherwin-Williams synthetic enamel

### Oliver cuts baking time 40%, ends checking, chipping

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paid in March. The implication clearly was that the manufacturers should go back to their March prices, and Henderson's price ceiling appeared to back up OPM's stand.

The one hopeful sentiment, voiced fairly extensively throughout the tanning and shoe manufacturing trades, was that price ceilings would ultimately tend to stabilize conditions in the industry. There is a widespread feeling that such stabilization will put a stop to buying which is strongly suspected of representing excessive accumulation of inventory.

## IMPORTS OF HIDES

Imports of hides (which are subject to sharp fluctuations) recently have mounted to unusually high levels. The Commodity Exchange of New York estimates May imports at 700,000 raw hides. This compares with 532,000 actually imported in April and only 195,000 in May of last year.

## COFFEE TROUBLES

When the international cartel set coffee quotas 15,900,000 bags were allotted to the United States for the first year—more than this country ever consumed in one year. But so avid has been buying that the allotment already has been boosted by 259,757 bags. Large roasters, according to prevalent reports in the trade, bought just about everything in sight, leaving the smaller roasters to scramble for supplies.

## FINANCE

### I.B.A.'s New Goals

Although bidding battle is over, appointments indicate that broader campaign to improve public relations is in offing.

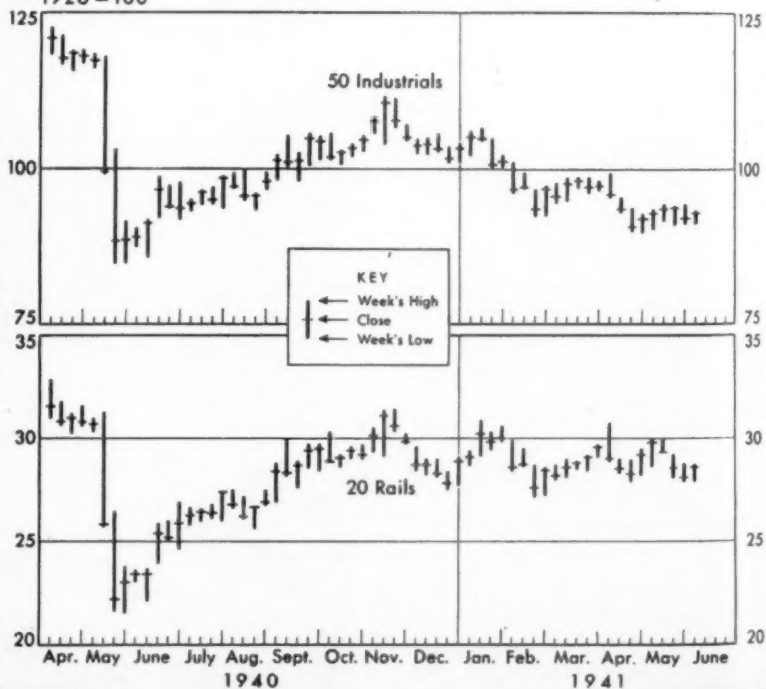
The protracted battle against compulsory bidding for public utility securities was lost by the Investment Bankers Association, but that isn't going to stop the association's drive to foster better public understanding of the business. This fact was made clear at midweek when the I.B.A. announced appointments which would appear to broaden the program rather than contract it.

Key men in the public information program naturally are the men on the committee which guides the effort, and the present step involves an increase from six to ten members. New appointees are Charles R. Blyth, president of Blyth & Co., San Francisco; Albert H. Gordon, a New York partner in Kidder, Peabody & Co.; Edward Hopkinson, Jr., of Drexel & Co., Philadelphia, and Cloud Wampler of Stern, Wampler & Co., Chicago.

• At the Helm Till Fall—Emmett F. Connely, president of the I.B.A. and full-time chairman of the public information committee, will continue to

## COMMON STOCKS—A WEEKLY RECORD

1926 = 100





head the group until the annual convention of the association late next fall. At that time, however, he has announced that he will refuse to accept a third term as president of the organization, and that he will give up the paid job on the public information committee (BW—May 24 '41, p. 56).

When Mr. Connely first announced the intention of relinquishing these two important positions it was generally assumed that the aggressive public relations campaign was to slacken or perhaps to end. However, Mr. Connely had several good reasons for stepping aside. He declared that the presidency should rotate to prevent self-perpetuation of any management and to assure infusions of new blood. As to the full-time committee job, he was on leave of absence from the First of Michigan Corp. and was obliged, by the nature of the work, to spend a large part of his time away from his family.

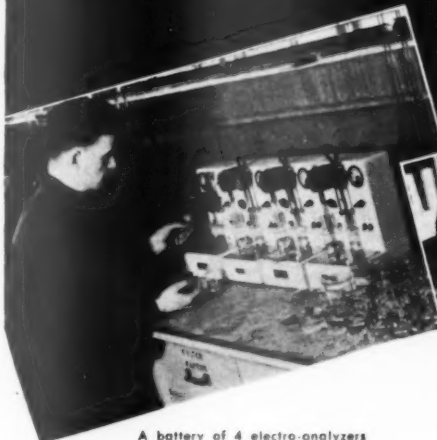
• **Broadening of Objectives**—The probable effect of the changes in the public information committee will be a broadening of the objectives. Its broad motive in the past has been public enlightenment, of course. But it has had two very specific duties which overshadowed the basic idea. The committee was leading the fight against the Securities and Exchange Commission's pet idea of competitive bidding, and it was driving for comprehensive revision of federal securities legislation.

The bidding fight is over. Some of the desired amendments to the securities laws now are fairly well assured of acceptance. Thus two major problems are in large part removed from the scope of the committee's operations. A very natural development would be a return to the broad purpose of telling the public who the bankers are, how they operate, and why they should exist.

• **Geographic Representation**—Appointment of the new members of the committee contributes admirably to such a broadening of the campaign, because of an improved geographical distribution of representatives if for no other reason. Present members who will continue to serve, in addition to Mr. Connely, are John S. Fleek of Hayden, Miller & Co., Cleveland; Edward H. Hilliard of J. J. B. Hilliard & Son, Louisville; John K. Starkweather of Starkweather & Co., New York; John O. Stubbs of Whiting, Weeks & Stubbs, Boston, and Jay N. Whipple of Bacon, Whipple & Co., Chicago.

Mr. Hopkinson's appointment adds a Philadelphian to the group and, in addition, brings the prestige of an old house which, until recently, was affiliated with Morgan Stanley & Co. Mr. Blyth is one of the best known investment bankers on the West Coast and his company has a nationwide distribution organization. Mr. Gordon and Mr. Wampler are from cities already represented on the com-

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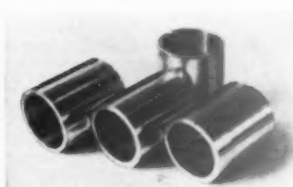
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• **EXPERIENCED EXECUTIVE AVAILABLE.** One who knows how to put men, money and materials together—to make and sell durable goods to general and special markets at a profit. Understands management and knows how to solve production and personnel problems. Experienced industrial publication editor and writer—industrial consultant—and manufacturing general manager. Specialized knowledge of the electrical industry and wide acquaintance throughout all industry. If you need an executive who knows how to get results write Box 237.

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mittee but both of them are among the more prominent members of the association.

• **On Exchange's Board**—Moreover, Mr. Gordon's appointment carries some additional significance as he has just been elected a member of the New York Stock Exchange's governing board, as has Mr. Starkweather. These two, presumably, will act as coordinators in the program of financial community cooperation on desired amendments to the securities laws. Mr. Starkweather is a member of the Big Board and has been a leader in the I.B.A.'s federal legislation program. Mr. Gordon, a partner in a stock exchange firm although not a seat holder,

is among the new crop of leaders in Wall Street.

## GROCERY MERGER

Consolidation of two major grocery chains seemed almost certain this week after James Reeves, president of Daniel Reeves, Inc., let it be known that his stores probably would be merged with Safeway Stores. At the present stage of negotiations, an agreement has been entered into for absorption of the 498 Reeves stores (all but seven are in New York City) by Safeway, which operates in the Western states, Maryland, Virginia, the District of Columbia.

## THE MARKETS

### "Good Leadership"

Stocks this week had another of those brief but rather brisk upturns which have been keeping hope alive in the bulls. It was one of those highly selective affairs, but the old-line investment favorites were sufficiently prominent on the rise so that the leadership was written down as "good."

American Telephone & Telegraph was pretty typical of this so-called good leadership. Telephone for some time dragged along at 150, where it yields 6% at its long-standing dividend rate of \$9 annually. That seemed to be one of those resistance levels by which traders place so much store. So, when A. T. & T. finally came to life, nudging up to around 152, it attracted no little attention. Then, at midweek, it broke loose to run up above 157.

Needless to say, that's not a really spectacular gain, percentage-wise, for a stock selling at \$150. Yet, in days as dull as these, it is plenty to inspire a good deal of conjecture. Around brokerage houses you heard that there was fair investment-buying coming into the dividend-payers, that timid shorts were closing out their commitments. And once again it was remarked that a stock list which can so long resist disappointing foreign news is in at least a fair position for an intermediate rally.

If there was any single factor in the news which could be singled out to account for the improved action of stocks, it would have been the disinclination of Congress to accept the Treasury's more stringent plan for excess-profits taxation. Yet this must have been offset, in a measure, by the War Department's bill to allow the President to draft industry during the emergency. Certainly there was very little of a reassuring character from the international front.

Several individual stock groups were snagged on uncertainties arising from federal controls. Shares of the hide, leather, and shoe companies, for ex-

ample, eased fractions on account of the move to control hide prices and uncertainties over the future course of shoe prices.

Similarly, the oil shares put on no exhibition to welcome appointment of "Honest Harold" Ickes as czar of the petroleum industry. Companies marketing products in the Eastern states are troubled about their ability to deliver gasoline and fuel oil, and this found mild reflection in the stock market. West Coast companies are on the carpet for the latest advance in prices, and that too made itself felt. Even the shares of companies operating in the central states, where problems are at a minimum, were fidgety.

Rail-equipment issues reflected the best buying in some time on indications of sustained orders from the railways, the belief being that freight cars would get steel priorities. Agricultural implement shares added to their recent gains, also on the belief that raw materials would be granted to the farm equipment manufacturers.

Further emphasizing the fact that buying has centered in the heavier lines in the last few days might be mention of fair advances in the electrical equipment stocks, in the metals, in two or three of the machinery shares, in the shipbuilders, and, to a lesser extent, in some of the steels. Among the war babies, the aircraft list did materially better than for some time past.

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
50 Industrial .....	93.0	92.2	92.9	88.9
20 Railroad .....	28.6	28.1	29.8	23.4
20 Utility .....	44.0	44.2	45.0	53.9
<b>Bonds</b>				
20 Industrial .....	89.9	89.9	90.3	83.8
20 Railroad .....	65.9	65.7	68.0	50.2
20 Utility .....	101.0	101.1	101.3	97.4
U. S. Government .....	111.3	111.1	111.2	104.3

Data: Standard and Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

# BUSINESS ABROAD

## Latin Priorities

**U. S. prepares to allot supplies to 20 republics ahead of domestic civilian demands. Lists of needs now studied.**

Washington is almost ready to announce a system of priorities for Latin America.

The plan, under consideration for nearly six weeks, will give priority ratings on a long list of supplies which the 20 nations south of the Rio Grande claim they must have if they are to keep their railroads operating, their electric power plants from breaking down, and certain industries from closing their doors.

• **Estimates Provided**—The governments of most of the 20 Latin American republics have already supplied the State Department with lists of the goods they

claim they must secure, with estimated minimum amounts (their estimates) on which they can get along. A special assistant to Sumner Welles, Undersecretary of State, is checking these lists against (1) each country's total imports of every item in recent years, (2) the amounts which the Rockefeller inter-American committee estimates to be minimum requirements, and (3) the findings of experts in the Department of Commerce who are familiar with the economic situation in individual countries.

• **U. S. Objectives**—Plan of the Washington authorities who have been working on the project is to build "Good Neighbor" ties by helping the Latin American nations during an emergency, to create a post-war market for United States exports in countries which have counted heavily on European—particularly, German—supplies in normal times; to strengthen the economies of several countries which have been badly shaken by wartime trade dislocations; and, in

## Wares Listed for Latin Sales Drive

Last week, Argentina announced that it had induced representatives of 10 internationally-known United States businesses to cooperate in the formation of a new promotion agency to push sales of little-known Argentine products in the United States (BW—May 31 '41, p. 57).

This week, Buenos Aires released a list of nearly 150 items which will be promoted by the new agency through headquarters soon to be established in New York. Hope of the promoters is that they can sell at least \$1,000,000 a month of these varied items, which will give the Argentine that much more dollar exchange for supplies it wants to buy in this country.

Two worries hang like dark clouds over the project:

(1) Will there be enough space on already-crowded northbound ships to handle the additional merchandise?

(2) Will the United States grant priority rating on at least minimum supplies of machinery, parts, and certain key raw materials to keep Argentina's industries operating?

Here is a sampling of the 150 products that the Argentine will promote in the new sales drive:

### Agricultural Products:

Vegetable oils  
Cotton linters  
Malt sprouts  
Fruit (fresh, dried, or preserved)  
Bird seed  
Cereal molasses  
Resins  
Yerba Mate  
Medicinal herbs  
Oats, barley, wheat, corn, rye (in almost any form)  
Seeds: alfalfa, sunflower, vegetables, peanut, rapeseed, sesame, soybean, sudan grass, castor bean, millet  
Honey

### Pastoral Products:

Stearic acid  
Bone carbon  
Blood albumen  
Canned meat  
Pre-cooked beef

Dried cured meat  
Frozen cooked meat  
Preserved meat specialties  
Tanned leather  
Wild animal skins  
Concentrated calf liver  
Gelatin  
Glycerine  
Hair: goat, hare, cattle  
Feathers  
Salami  
Cheese

### Miscellaneous Products:

Oil: whale, seal, fish  
Dog food (powdered, preserved, frozen)  
Alcohol  
Asphalt  
Wine and champagne  
Glue  
Harness  
Glass bottles  
Vermicelli  
Mining products (except petroleum)



## Your Defense

### Against the Stealthy Invasion of HEAT-FAG

The dangerous, insidious thing about salt loss is its silent, unseen undermining of efficiency. It affects the stamina and accuracy of ALL workers in hot weather — on hot jobs.

As workers sweat, salt is lost from their bodies. As the natural salt balance in the system is disturbed, there is a definite lowering of efficiency. Workers tire, make mistakes, feel out of sorts. And, production suffers.

That's Heat-Fag. It has long taken a terrific, almost unsuspected toll of American industry . . . yet the remedy is simple and inexpensive. Morton's salt tablets, in convenient dispensers at all drinking fountains, make it easy for workers to replace the salt lost by sweating.



### Place Morton Dispensers At All Drinking Fountains

Morton's modern dispensers deliver salt tablets, one at a time, quickly, cleanly, and without crushing or waste. Sanitary, easily filled — durable and dependable.

Morton's salt tablets contain the most highly refined salt, pressed into convenient tablet form, easy to take with a drink of water. They dissolve in less than 40 sec. after swallowing. Order direct from this ad, or from your distributor.

**DISPENSERS \$325**  
500 Tablet size . . . . .

1000 Tablet size . . . . . **\$400**

**TABLETS**—Case of 9000

Salt Tablets . . . . . **\$260**

10 grain

Combination Salt-Dextrose

Tablets, per case . . . **\$315**

**FREE . . .** write on your firm letterhead for a pocket size sample tube of MORTON'S SALT TABLETS, and new folder, "Heat-Fag and Salt Tablets."

**MORTON SALT COMPANY**  
CHICAGO, ILLINOIS





There's one sure way to speed up production and cut down lifting costs. INSTALL 'BUDGIT' HOISTS. They save money—and men.

Don't let the productive energy of your workmen be dissipated by lifting dead weight! Let the energy SAVED by 'Budgits' produce faster and more work. It will pay in greater profits and in the FREEDOM FROM STRAIN AND RUPTURE of your men.

A 'Budgit' Hoist can be hung up and plugged into any electric socket and it is ready for work. They are serving now in factories, farms, warehouses and plants in many industries.

Write us now for full details about 'Budgit' Hoists from \$119. up with lifting capacities of 250, 500, 1000, and 2000 lbs.

## 'BUDGIT' HOISTS

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TRAFFIC AGENTS—CANADIAN PACIFIC



Because the war has opened such a big market for them, dehydrated foods are coming in for more attention in Canada. Packed into one-tenth the space required for the original food, dehydrated products are

practically imperishable. Two quarts of potatoes, for example, can be compressed into an 8-oz. can. After soaking in plain water, 90% of the moisture that has been removed by dehydration is restored.

several cases, to strengthen our own auxiliary defenses in this hemisphere.

Except where materials are needed for some specific defense project—such as steel bridges for the Pan-American Highway through Central America to the Panama Canal or for some of the \$60,000,000 of airports being built down the east coast of South America (ostensibly for Pan American Airways)—the new Latin American priorities will rank below our own defense business but ahead of our civilian demands.

• **What Will Be Revealed**—What each Latin American country is asking Washington to supply in 1941 on a priority basis, including delivery priorities on southbound ships, probably will never be revealed. Expected only is the final announcement from Washington of the amounts this country will attempt to deliver after study of the lists. But as a sample of materials sought here is a part of the original list as submitted by Buenos Aires to Washington (in tons):

Aluminum (all forms) 1,400; graphite 550; iron ingots 100; rails 16,000; steel rods and bars 165,000; sheet iron 110,000; structural steel 40,000; car axles 150; iron and steel beams 10,000; seamless tubes 35,000; wire 22,000; galvanized wire 20,000; and barbed wire 3,000.

Also included are iron and steel chains 600; steel screws 2,000; magnesium 700; nitrocellulose 50; aviation fuel 120; aviation lubricating oil 120; and tinplate 100,000.

• **Careful Scrutiny**—Washington will undoubtedly refuse to release even small

quantities of some of these products. Magnesium supplies in the United States are too small to meet even minimum requirements of the growing aviation industry. Tinplate, on the other hand, despite a threatened shortage at home, is likely to be supplied to the Argentine for it is used to make cans in which "bully beef" is shipped to Britain's armed forces. But Argentina's demands will be scrutinized carefully.

## Ottawa Faces Fact

Realizes it must gear its defense effort to that of U. S. even though result may be a permanent economic merger.

OTTAWA—The imagination of Canadians is stirred by the bold plans which are being discussed by industrial coordination authorities on both sides of the border.

Since last fall, American engineers have been working on the Newfoundland base, northernmost of the outposts leased to Washington by Britain as a part of the base-destroyer deal.

• **A Permanent Merging?**—Then came the Hyde Park agreement, followed by a whole string of planning missions from Washington. Without any trace of dismay, Canadians are beginning to wonder if the emergency coordination of the economics of the Dominion and

the United States is going to result in a permanent merging of the economies of the two countries.

The moving finger is seen in (1) the direction taken by joint committees working on methods for carrying out the plans behind the Hyde Park agreement; (2) moves already taken for unification of wheat policy in the United States and Canada, and joint use of storage facilities; (3) criss-crossing of missions between Washington and Ottawa looking toward the grooving of price and other war controls; and (4) accommodation of transborder interests for the realization of the St. Lawrence-Great Lakes seaway and power project.

• **Price Survey Mission**—Indicative of the will toward consolidation is the presence in Ottawa now of a price control survey mission from Washington. The mission, one of the United States officials said, was establishing relations so that it would be possible to pick up a telephone in Washington and arrange price matters with Ottawa without the necessity of operating through complicated diplomatic channels.

Latest evidence that the tie-in will progressively include Great Britain and tend towards closer integration of the British-American struggle for victory over the totalitarian powers is seen in the current, feverish discussions for diversion to the United States of badly-needed reserves of raw materials which until now have been held in Canada under contract for Britain.

• **What Ottawa Knows**—While in many respects Canada is a year ahead of the United States in the mobilization of resources and productive capacity and in the establishment of controls required for a full war effort, Ottawa realizes that, although the United States may benefit to some extent from Canada's trials and errors, the Dominion will have to key its defense pace to that of its larger partner.

Increased buying from below the border will make it necessary to set up parallel controls of all kinds.

Before long there is likely to be an interchange of labor similar to the labor exchange between Italy and Germany.

• **Agricultural Lines**—The marketing and storage agreements which have already been reached for the handling of surplus stocks of wheat will be extended soon to other agricultural lines. Huge British demands for special foodstuffs—such as the orders for Canadian bacon placed long ago and the demand now for lard and canned fruit—will probably be shared by the two countries according to ability to make prompt deliveries.

While Canada and the U.S. are drawing closer together, Ottawa and the province of Ontario are underscoring internal differences. Provincial Premier Hepburn is threatening a constitutional fight against Finance Minister Ilsley's 15% tax on interest paid to non-resident

## Miss Burns . . . did I write a letter last month?

There's not much call for writing letters in my work, as I told the Dictaphone man. "Me need a dictating machine?" I said. "Why, I don't write a letter once in a blue moon." But he said correspondence was only *one* thing Dictaphone put through faster. So I agreed to try one.



Pretty soon the advertising manager came in with a new promotion idea. With him at my desk, I dictated a complete outline of the program. Our combined ideas became a matter of record immediately, beyond any possibility of misunderstanding.

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Then a customer phoned a special order and after he'd given me the dope I repeated it to him, with Dictaphone taking down every word. No chance for a slip-up there—and no delay. After he'd hung up I listened back and added more instructions.

That afternoon I cleaned up my work in half the time and even dictated a speech for our Annual Dinner. With Miss Burns outside to intercept callers, I had few interruptions—and she herself cleared up two days' back work. As a result, friend, my Dictaphone dictating machine is here to stay and the whole office is being equipped. And now, by golly, I'm going to write a letter...just to see how easy it is!



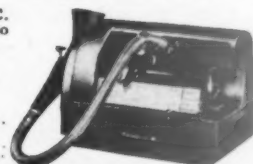
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## DICTAPHONE speeds mental production

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holders of Canadian bonds other than federal. He has joined forces with some United States investors and protested that the levy will hurt Canadian credit.

• **What the Issue Involves**—Previously, under a transborder agreement, the tax on interest payments to non-residents was limited to 5%. It was only in the last war budget that the rate was boosted. Ottawa would abandon the increase if Hepburn would join the other provinces in getting out of the income tax field and accept in compensation from the Dominion an amount equal to the 1940 provincial income tax revenue. Hepburn, however, wants to protect the province's hold on the income tax source.

Financial men believe Canada's \$600,000,000 war loan will be raised without much difficulty. It is in two maturities: 10-yr. bonds carrying 3% coupons issued at 100 and payable at 101 to yield 3.09, and 5½-yr. bonds with 2% coupons issued at 99 and redeemable at 100 to yield 2.19. Payment may be made in instalments.

• **Parliamentary Pause**—Parliament will adjourn in a few days after finishing the regular business of the session. Adjournment is in place of the usual termination of the session by prorogation in order that the legislators may be called again to ratify the St. Lawrence agreement if Congress puts it through.

Before or immediately after adjournment, Prime Minister King will make at least one cabinet-strengthening move. Brooke Claxton, who is a young Montreal lawyer and a member of the Commons, is likely to be made minister in charge of information services, perhaps with jurisdiction over communications, especially the public service broadcasting system.

• **An End to Restraint**—Ottawa, at the Prime Minister's direction has restrained its publicity machinery since the war started—largely out of consideration for Quebec isolationist sentiment. Misrepresentation in the United States of the amount of Canada's aid to Britain has convinced the administration that the restraint should be lifted and one of the first steps was naming of a press attaché to the Washington legation. The next move will be the creation of a Ministry of Information.

## Reich Feels Strain

Pinch on civilian supplies becomes more acute. Shoes can hardly be had at all. Shortage of labor is now serious.

BERLIN—Though the German war machine rolled on to a complete victory in Crete this week and Germany was one step nearer full domination of the

eastern Mediterranean, there were signs at home of the growing strain of maintaining a huge army in the field and of trying to live on the supplies that are available to the Reich inside the British blockade.

In Berlin, no bottled beer has been offered in the cafés or at refreshment stands in the parks since the beginning of April.

• **Five Cigarettes a Day**—Queues form nearly every day in front of cigar stores where Germans wait not too patiently for the five cigarettes allowed to each customer. Officials claim that cigarette production is 25% larger than the normal peacetime output but blame the demand of the armed forces and the enlarged consumption of tobacco by the civilian population for the shortage.

It is increasingly difficult for the Food Ministry to maintain steady food deliveries, though insiders say that, with an average crop and the scheduled deliveries of supplies from the Soviet Union, Germany will be able to get through the summer.

• **Shoes Get Scarcer**—Less favorable is the supply situation in other lines of consumer goods. Shoes, for instance, are almost unavailable. While until recently individual permits for the purchase of one pair of shoes were theoretically obtainable when the applicant could prove that his only pair was worn out, it has now been officially announced that owing to greatly increased arm requirements for shoes and leather no applications will be received for the time being except for people working out of doors. At the same time, government authorities are trying to popularize wooden-soled sandals for both men and women during the summer season. But even to secure a pair of these, a buying permit is necessary.

Textiles are also increasingly scarce. Men's suits and shirts and women's stockings are more difficult to obtain, despite the promise of them to civilians holding clothing ration cards, and complaints over deteriorating quality are heard more or less freely at shop counters or in the subway.

• **Labor Shortage**—Not all of the shortages are due to a lack of raw materials. It is beginning to be evident now that Germany, in drafting every available worker for the army or the defense industries, is suffering from a serious labor shortage in consumer-goods factories. That is why the government is making systematic efforts to develop consumer goods industries in occupied territories, even when Germany has to provide the raw materials. With the first of these supplies, which are just beginning to reach Germany in quantity, Berlin authorities are meeting some of the most acute shortages. Whether the authorities will have enough raw materials to keep these "foreign" factories going through another winter is a question.



# PROFIT & LOSS

## Over There

We're sorry to have to report that we don't know what week is being celebrated in the U. S. A. this week, but we do have it on good authority that in Japan this is Good-Commercial-Morals-and-Shady-Transaction-Prevention Week.

## Read Any Good Ads Lately?

Working on the theory that pink bras and girdles look unglamorous on the girls when they (the girls) get tan in the summer, Franklin Simon, the New York department store, has come through with an idea that may or may not have them (the girls again) swooning all along Fifth Avenue—"Corsets to Match Your Suntan!"

A manufacturer has introduced a neatly-packaged box of goodies, especially designed to be sent to the boys at camp, which has the euphonious name, "Rookie Cookies."

Witty Bros., men's clothiers, advertise a summer suit called the Trop-Iglo, and—as if that wasn't going far enough—explain that it's "the suit with the pores that refresh."

A recent ad run by the Carey Cadillac renting service in New York—which provides chauffeured cars for any occasion—deserves some kind of prize for brevity and clarity. It went:

"Waldorf, James."  
"Theater, James."  
"Home, James."  
"Goodbye, James."  
\$9.00.

## Labor's Troubles

National defense turns out to be the reason for pretty nearly everything these days, the cause behind every effect, so it hardly comes as a surprise to hear the complaint of a gentleman named Harry Ames of Philadelphia, president of the Joint Board of the Hotel and Restaurant Workers' Union and the Bartenders' Union—that so many of his union members have left their jobs in order to go into defense work that he's even been driven to conducting strikes without pickets.

## Punchline

The National Association of Manufacturers this week announced that 11 famous war correspondents were making a 12-day, "streamlined," fact-finding tour of the key defense production centers of the U. S. Then, having made that statement and after dutifully listing each of the 11 correspondents' names, the N.A.M. apparently looked at the announcement it had made and found

Advertisement



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it dull—lacking in punch, sock, or stuff. Whether it took hours and hours of concentrated effort to add these qualities to the original announcement, or whether the whole thing was just an instantaneous burst of inspiration, you and I will never know—but at any rate the N.A.M. appended the coy statement: "The American Airlines stewardess who has chosen to accompany this outstanding group of 'bylines'—she was selected after considerable search by the Airline for the 'right' girl—is Miss Helen Button, which is what she is as cute as." That ought to get the "bylines" out. Anyhow we're glad to see that our business leaders still have an eye for the old selling points.

## Shine, Mister?

The University of Minnesota and the South Dakota State College agricultural experiment stations are conducting a very interesting experiment. Each of 27 S. D. College boys has been given a pair of blue serge pants and a record book. He has been told to wear the pants just as he would any pair of his own, and to set down all details such as pressings, the number of hours the pants are worn, and what activities he engages in while he has the pants on. At intervals all 27 pairs of pants are to be sent to Minnesota's Farm for tests, so the University can have all the evidence on how and where pants wear out.

It's certainly comforting to know that things like this are still going on in troublous times like these, and we hereby offer our congratulations in advance to the man whose pants turn up at the Minnesota University Farm with the first shine on the seat.

## Fish Story

General Electric went into mourning last week on the death of a favorite employee—the last of the three goldfish that were employed in the laboratory of the plastics department at Pittsfield, Mass.

Just about a year ago the three fish were hired to save seven hours a week of a man's time by eating the algae which accumulated on the side of a viscosity-measuring bowl and prevented chemists from watching reactions. In five months the first fish got a disease which gave him "brown spots." He died. Soon afterwards the second fish got caught in a pipe leading out of the bowl, hurt his back, and "came to the top."

The third fish, according to the best informed opinion at G.E., just died of loneliness. Apparently nobody has considered the possibility of replacing any of these fish, so the plastics plant is just going to struggle along now without a single one until it opens its new laboratory sometime this summer.

# THE TRADING POST

## Home Defense for Business

Now that industry is bending its best efforts to national defense, we find some uneasiness amongst those responsible for individual companies as to what may happen to them meanwhile.

Naturally, the paramount needs of defense prevent any company from thinking only of self-preservation, if that interferes with the job. It can't evade its defense responsibilities or try to discharge them with its left hind foot, while keeping its own welfare as number one concern.

But there are things that management can do to conserve the private interests entrusted to it without in any way interfering with the dominant public interest of national defense. Some of these recently were pointed out by R. P. Dodds, manager, advertising and sales promotion of Truscon Steel Co., who associated national defense and company defense as twin responsibilities of management.

As president of the National Industrial Advertisers Association, Mr. Dodds put the case to his fellow advertising men in these terms:

When we hear talk about an "all-out" defense program for American industry, let us not forget that, even under actual war conditions, a substantial part of American industry must be reserved to meet at least the essential needs of around 100,000,000 people who must continue a non-military routine of life. There can be no such thing as an "all-out" program of national defense for American industry without an internal collapse that would weaken and possibly destroy our ability to resist a foe. We must face the fact that a substantial part of American industry must be permitted to operate on regular routine production . . .

Assume that a typical industrial concern is devoting 20% or 50% or 70% of its productive capacity to defense business, either on direct contracts or sub-contracts. This company is necessarily "defense-conscious." Its management and employees are thinking more and more about defense business and less and less about regular business. That is right as far as the producing end of the company is concerned . . .

But whether or not war comes to us, we must remember that wars come and go and that World War No. 2 will end in a year, or two, or five. What then?

Our typical industrial concern and thousands like it will again find that when war orders stop, competition starts. If the principle of preparedness against an uncertain future is sound for a nation, why should not the same principle be sound for our typical industrial concern? Specifically, when a company is devoting all or nearly all of its productive energy to help protect its country against possible aggression, why is it not the duty of the company to devote some of its readily available energy to pro-

tect itself against absolutely certain competition when the emergency has ended?

Mr. Dodds then shows that certain types of industrial producers—especially those whose products go into the construction of factories, barracks, cantonments, and other defense buildings—will feel the slackening of war demand long before others. It is this group, he points out, that must face a competitive struggle for business at an earlier stage in the cycle of wartime to peacetime operation. Now, he says, is the time for such companies to raise their sights against the day when Uncle Sam goes out of the market. He continues:

Here is where the industrial advertising manager and his staff, if he has one, can swing into action in company defense work while the producing part of the company is working on national defense . . .

There is an analogy in the product development and the market development of our typical company. In the deep depression years, the company faced the alternatives of releasing its engineers or retaining them to develop better products, as a defense against competition when business came back. If it wisely retained its engineering staff, the result was a program of product development that materially strengthened the company's position when markets came to life and competition again became a major problem of management.

This was a defense policy. Management knew that no immediate returns could be expected under depression conditions. It was preparing for an uncertain future.

Now conditions have changed, but the farther our typical industrial concern goes over to defense business, the farther it moves away from regular business and long-established connections.

The time is ripe, he declares, for management to call upon its advertising managers to organize company defense.

For the benefit of advertising men, he details some of the specific measures available to conserve the standing of a business in its normal markets, even though, for the emergency, it must concentrate its productive energies on national defense. He concludes:

The advertising manager, with the encouragement of a far-sighted management that appreciates the importance of his true function, can do a tremendous amount of good for his company. But without such support the industrial advertising manager of today is worse than helpless. For he may develop a feeling of inferiority that would weaken his ability to do a real job for his company when competition again calls him into the competitive struggle.

A vital question to be decided by management today is this: Shall we weaken or destroy our company defense or shall we strengthen it as the nation is strengthening itself? The decision must be made. The sooner it is made the better. W.C.

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# THE TREND

## THE THREE P'S OF WAR PRODUCTION

For the next several years, priorities, prices, and prescribed profits will play an increasingly large part in shaping the nature of this country's production. And, more and more, the business man will be taking his cue from Washington on what to produce and at what price.

• **Decisions** which formerly were automatically controlled by the marketplace—can our company produce this article, sell it at such and such a price, and make a profit?—are now made largely by government rules, regulations, and requirements. In some industries—like aluminum—the government takes complete control, setting the price, determining the allocation of supply. In other industries, like steel, regulation does not get down to such fine detail; but again, the government restricts price, and rations supply (page 17).

Priorities and price-fixing go hand in hand. One complements the other. It is pointless to establish priorities—determine which producer is to get what—and at the same time allow prices to skyrocket. In a marketplace economy, price has a specific function. Since the available supply always goes to the highest bidder, price determines who gets what. But in a war economy, the open-market price mechanism would actually interfere with allocations of supply to defense industries.

Another price function ceases in wartime. In a marketplace economy, if the supply of a commodity is low, then users bid for it, the price rises, the profit in production is enlarged; then men of wealth decide that this is a good business to get into and they build new productive capacity. But in modern warfare, the government cannot wait for prices to act upon profits, and profits to act upon capitalists. It steps in and either puts up its own plants or finances construction of private plants.

• **Once priorities and prices have been set**, the government has predetermined—though not obviously—the volume, flow, and type of production. It is clear that when the authorities allocate supplies of raw materials, they thereby determine which companies can produce what. Thus the type and amount of output are rationed. But there is still more to it. In setting prices, the government also establishes two other things: (1) the profits of the producers of the particular commodity, and (2) the costs (hence, probable profits) of the users of the commodity. And this brings us to Mr. Henderson. Whether he is a success or a failure depends on how judiciously he handles the price-fixing phase of his defense job.

If Mr. Henderson sets a commodity price that is too low for the producer or too high for the subsequent producer who is to use the commodity, he automatically destroys the incentive to produce. And then the defense program bogs down. Don't forget that less than a year ago, just after France had capitulated and Congress had appropriated billions in a hurry-up call for airplanes,

ships, and tanks, business men hesitated to embark on new plant construction because of the stringent limitations on profits imposed by the Vinson-Trammell act (BW—Jul.13'40,p40). No administrator can afford to ignore the fact that we are still in a profit economy, even if it is no longer a marketplace economy in Adam Smith's sense.

Here's the point. In a profit economy, prices determine what shall be produced. In a seller's market, such as now exists, prices go up and thus bring out additional production. But we are in a war economy. The production drive is not economic, primarily, but political—fashioned and regulated by the government toward the end of national defense. Thus, for the nation at large, the defense drive supplants the profit motive.

• **This, however, does not apply** to the individual producer. And that must be always borne in mind. The individual business man—patriotic though he may be—must always consider his own ability to stay in business. He knows that if he operates at a loss, regardless of how worthy the purpose or how good it may be for the economy as a whole, he will sooner or later be out of business. You can't sell at a loss and make it up on high turnover.

Yet, the profits of individual producers cannot be the sole touchstone of price policy. Thus, Mr. Henderson has consistently held the price of copper at 12¢, even though 100,000 tons annually of marginal production are thereby lost. To boost the price to, say, 15¢, in order to get that additional output, would have foisted an added charge of \$66,000,000 on the economy as a whole for the 1,100,000 tons of copper already being produced. A possible way out of this type of price-profit problem is to fix a special price for the marginal producer. Instead of a one-price system, you would have a multiple-price system. But regardless of method (in Germany, they pool production, prices, and profits in an industry) the price set must yield a profit, if individual producers are to produce.

• **The economics of our war economy** can be summed up and remembered by the three P's. Through Priorities, the government determines what kind of goods shall be produced: defense gets the call over civilian needs, and then certain types of civilian requirements get preference over others—shoes over bedroom slippers, say, if leather has to be rationed. Then, through control of Price, the government guards against inflation and general economic dislocations. But prices must be set to yield a Profit. Thus prices, priorities, and profits are the trinity of war economics. They are the final determinants of production: what kind; at what price; and how much.

*The Editors of Business Week*

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